



MBOMBELA LOCAL
MUNICIPALITY DRAFT
2011/2012 – 2013/2014
MEDIUM-TERM
REVENUE AND
EXPENDITURE AND
FRAMEWORK AND
BUDGET

MBOMBELA LOCAL MUNICIPALITY

2011/12 TO 2013/14 MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

Copies of this document can be viewed:

- In the foyers of all municipal service centres and in www.mbombela.gov.za until 04 May 2011.

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Table of Contents

PART 1 – ANNUAL BUDGET	1
1.1 MAYOR’S REPORT	1
1.2 COUNCIL RESOLUTIONS	1
1.3 EXECUTIVE SUMMARY	3
1.4 OPERATING REVENUE FRAMEWORK	11
1.5 OPERATING EXPENDITURE FRAMEWORK	17
1.6 CAPITAL EXPENDITURE	22
1.7 ANNUAL BUDGET TABLES - PARENT MUNICIPALITY	39
PART 2 – SUPPORTING DOCUMENTATION	65
1.8 OVERVIEW OF THE ANNUAL BUDGET PROCESS	65
1.9 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP	68
1.10 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS	77
1.11 OVERVIEW OF BUDGET RELATED-POLICIES	82
1.12 OVERVIEW OF BUDGET ASSUMPTIONS	88
1.13 OVERVIEW OF BUDGET FUNDING	91
1.14 LEGISLATION COMPLIANCE STATUS	128

List of Tables

Table 1 Credit rating outlook	88
Table 2 Sources of capital revenue over the MTREF	93

List of Figures

Figure 1 Expenditure by major type	49
Figure 2 Planning, budgeting and reporting cycle	77
Figure 3 Definition of performance information concepts	78
Figure 4 Cash and cash equivalents / Cash backed reserves and accumulated funds	97

Abbreviations and Acronyms

CPIX – Consumer Price Index Excluding Mortgage Costs

DORA – Division of Revenue Act

DPLG – Department of Provincial and Local Government

GDP – Gross Domestic Product

GRAP – Generally Recognised Accounting Practice

Equitable Share – A general grant paid to municipalities

IDP – Integrated Development Plan. The main strategic planning document of a municipality.

MFMA – Municipal Finance Management Act (No 56 of 2003)

MIG – Municipal Infrastructure Grant

MPRA – Municipal Property Rates Act

MTREF – Medium-term Revenue and Expenditure Framework

NERSA – National Electricity Regulator South Africa

NT – National Treasury

Operational Expenditure – Spending on the day to day expenses of a municipality such as general expenses, salaries & wages and repairs & maintenance.

Rates – Local Government tax based on assessed valuation of a property

SDBIP – Service Delivery and Budget Implementation Plan

Adjustment Budgets – Prescribed in section 28 of the Municipal Finance Management Act. It is the formal means by which a municipality may revise its budget during a financial year.

Allocations – Money received from Provincial and National Treasury

Budget – The financial plan of a municipality

Capital Expenditure – Spending on municipal assets such as land, buildings and vehicles. Any capital expenditure must be reflected as an asset on a municipality's balance sheet.

Part 1 – Annual Budget

1.1 MAYOR'S REPORT

To be provided with the final budget

1.2 COUNCIL RESOLUTIONS

On the 30 March 2011, under item A(22), the council of Mbombela Local Municipality met in its council chambers to consider the draft 2011/2012 – 2013/2014 Medium-Term Revenue and Expenditure Framework and resolved that;

- (a) Council take cognizance of the contents of the report;
- (b) Council consider and adopt the draft Medium Term Revenue and Expenditure Framework (MTREF) consisting of an operating and capital budget for the 2011/2012 – 2013/2014 financial years, as reflected in the schedule below:

Description	2009/2010 Actual (R'000)	2010/2011 Estimate (R'000)	2011/2012 Estimate (R'000)	2012/2013 Forecast (R'000)	2013/2014 Forecast (R'000)
Operating Budget	1 048 439	1 492 723	1 590 748	1 755 452	2 050 787
Capital Budget	1 296 223	656 281	447 423	496 208	590 632
Total Budget	2 344 662	2 149 004	2 038 171	2 251 660	2 641 419

- (c) Council adopt the draft capital and operating projects for the 2011/2012 – 2013/2014 financial years in accordance with the attached **Annexures 525/2011 and 526/2011**;
- (d) the draft annual budget of Mbombela Local Municipality for the financial year 2011/2012 and indicative allocations for the two projected outer years 2012/2013 and 2013/2014, as well as the following multi-year and single year capital appropriations, be considered as set-out in the new budget and reporting regulations, attached as **Annexure 527/2011** to the report:
 - Budgeted Financial Performance (revenue and expenditure by standard classification)
 - Budgeted Financial Performance (revenue and expenditure by municipal vote)
 - Budgeted Financial Performance (revenue by source and expenditure by type)
 - Multi-year and single year capital appropriations by municipal vote and standard classification and associated funding by source;
- (e) Council's financial position, cash flow, cash-backed reserves/accumulated surplus, asset management and basic service delivery targets be adopted as set out in the new budget and reporting regulations in the following tables, attached as **Annexure 527/2011** to the report;
 - Budgeted Financial Position
 - Budgeted Cash Flows
 - Cash backed reserves and accumulated surplus reconciliation
 - Asset management
 - Basic service delivery measurement;

- (f) in terms of sections 24(2)(c)(i) and (ii) of the Municipal Finance Management Act, 56 of 2003, sections 74 and 75A of the Local Government: Municipal Systems Act, 32 of 2000, as amended and the Municipal Property Rates Act, 6 of 2004, the tariffs for the supply of water, electricity, waste services, sanitation services and property rates as set out below, that were used to prepare the estimates of revenue by source, be considered for implementation with effect from 1 July 2011:

Description	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Electricity	30%	31.27%	19%	23.41%	22%	22%
Water	8%	8%	7%	8%	10%	11%
Sewer	8%	8%	6%	8%	10%	11%
Refuse Removal	8%	9%	8%	10%	11%	12%
Property Rates	8%	N/A	3%	5%	7%	7%
Other tariffs	8%	10%	6%	10%	10%	10%
Silulumanzi	10%	10.99%	14.42%	9.74%	CPI+3%	CPI+3%

- (g) the free basic services package as set out below, be adopted for the medium-term 2011/2012 – 2013/2014 financial years:

Description of Services	Quantity	2009/2010 Actual (R)	2010/2011 Estimate (R)	2011/2012 Forecast (R)	2012/2013 Forecast (R)	2013/2014 Forecast (R)
Free Basic Water and Sewer	6 kilolitres per month	21 778 407	32 198 002	35 417 802	39 313 760	43 245 136
Free Basic Electricity	50 kilowatts per month	4 500 000	5 355 000	6 785 321	8 278 091	10 099 271
Free Basic Refuse Removal	100% subsidy on tariff	1 534 560	1 626 634	1 789 297	1 968 227	2 184 732
Property Rates	Between 25% and 100% rebate	564 100	581 023	610 074	646 679	685 479
Total		28 377 067	39 760 659	44 602 494	50 206 757	56 214 619

- (h) Council take note that the draft capital budget for 2011/2012 does not include any projects to be rolled-over from the 2010/2011 financial year;
- (i) any roll-over of projects funded from conditional grants, be approved by Council for inclusion on the budget for 2011/2012 once approval has been granted by National Treasury for such roll-over and departments intending to roll-over grant funded projects submit applications for the roll-over to the Acting Municipal Manager before 30 April 2011, so that approval can be sought from National Treasury in accordance with the Municipal Finance Management Act, Circular 51;
- (j) in future, the Chief Financial Officer present the budget to the various caucuses, before same is submitted to Council, on request of such caucuses;
- (l) the viability of purchasing plant and equipment, instead of hiring same, be investigated;
- (m) the possibility to source external funding in an effort to minimise the increase in tariffs, be investigated;
- (n) recommendations (a) to (i) above be accepted to enable the budget public participation and consultative processes, as prescribed in relevant legislation, to unfold; and
- (o) a workshop to brief Councillors on the budget, be arranged within 14 days from the date of this Council resolution.

1.3 EXECUTIVE SUMMARY

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers and also make its credit control and debt collection policy a by law.

National Treasury's MFMA Circular No. 51, 54 and 55 were used to guide the compilation of the 2011/12 MTREF. The planning of the budget involved consideration of all factors, which had far reaching implications on the annual budget of the municipality.

2011 MUNICIPAL ELECTIONS

The fact that municipal elections are taking place on 18 May 2011, it will require council to approve the final revised IDP and Budget for the medium term covering 2011/2012 – 2013/2014 financial year not later than 13 May 2011. Council has at its meeting held on 02 March 2011, under item A(3) resolved to revise the IDP and Budget Process Plan to be line with option one as encompassed on MFMA Circular 54. The option one council adopted would by implication result in the current council

adopting the draft IDP and budget by 31 March 2011, conduct public participation and consultative processes and then approving the final IDP and Budget before the elections on 18 May 2011.

REDEMARCATON OF MUNICIPAL BOUNDARIES

The planning and budgeting processes for the medium-term should take into account the new municipal boundaries and wards. There will no longer be any declared district management area (DMA). The DMA which were under Ehlanzeni District Municipality will now form part of the local municipalities within the district.

It is therefore important that municipality, when budgeting for medium-term take guidance from any section 12 notice affecting them and that the municipality make appropriate plans for taking on board any assets, liabilities and/or staff that will be transferred by the district municipality to the municipality.

NATIONAL PRIORITIES

The President on his 2011 State of the Nation Address mentioned five national priorities which should be embedded by all spheres of government on the planning and budgeting processes for the medium-term. The government has introduced the New Growth Plan that will guide the work of all spheres of government in achieving the goals relating these national priorities within the premise that the creation of decent work is at the centre of our economic policies.

The five national priorities are;

- (a) Creating decent jobs;
- (b) Improving the quality of education;
- (c) Enhancing health services;
- (d) Enhancing rural development and agrarian; and
- (e) Fight against crime and corruption.

In His address, the President has further declared 2011 as a year of job creation. The municipalities should align their programmes with the job creation imperative.

To achieve this national priority, municipalities are urged to when drafting 2011/2012 budgets to explore opportunities to mainstream labour intensive approaches to delivering services, and more particularly to participate fully in the EPWP. The municipality ought to focus on maximizing its contribution to job creation by;

- (a) Ensuring that service delivery and capital project use labour intensive methods wherever appropriate.
- (b) Ensuring that service providers use labour intensive approaches.
- (c) Supporting labour intensive LED projects.
- (d) Participating fully in the EPWP/National youth service plan NYDP.
- (e) Implementing interns programmes to provide young people with on-the-job training.

NATIONAL OUTCOMES

All municipalities are expected to take the 12 outcomes of government into consideration when reviewing their IDPs and developing their annual budgets for the 2011/2012 MTREF. The 12 outcomes, including the role of local government are as follows;

Outcomes	Role of local government
1. Improve the quality of basic education	<ul style="list-style-type: none"> Facilitate the building of new schools by; <ul style="list-style-type: none"> Participating in needs assessments. Identifying appropriate land. Facilitating zoning and planning processes. Facilitate the eradication of municipal service backlogs in schools by extending appropriate bulk infrastructure and installing connections
2. Improve health and life expectancy	<ul style="list-style-type: none"> Many municipalities perform function on behalf of provinces. Strengthen effectiveness of health services by specifically enhancing TB treatments and expanding HIV and AIDS prevention and treatments. Municipalities must continue to improve Community Health Service infrastructure by providing clean water, sanitation and waste removal services.
3. All people in South Africa protected and feel safe	<ul style="list-style-type: none"> Facilitate the development of safer communities through better planning and enforcement of municipal by-laws. Direct the traffic control function towards policing high risk violations – rather than revenue collection. Metro police services should contribute by: <ul style="list-style-type: none"> Increasing police personnel. Improving collaboration with SAPS. Ensuring rapid response to reported crimes
4. Decent employment through inclusive economic growth	<ul style="list-style-type: none"> Create an enabling environment for investment by streamlining planning application processes. Ensure proper maintenance and rehabilitation of essential services infrastructure. Ensure proper implementation of the EPWP at municipal level. Design service delivery processes to be labour intensive. Improve procurement systems to eliminate corruption and ensure value for money. Utilise community structures to provide services
5. A skilled and capable workforce to support inclusive growth.	<ul style="list-style-type: none"> Develop and extend intern and work experience programmes in municipalities Link municipal procurement to skills development initiatives.
6. An efficient, competitive and responsive economic infrastructure inclusive growth	<ul style="list-style-type: none"> Ring-fence water, electricity and sanitation functions so as to facilitate cost-reflecting pricing of these services. Ensure urban spatial plans provide for communal rail corridors, as well as other modes of public transport. Maintain and expand water purification works and waste water treatment works in line growing demand. Cities to prepare to receive the devolved public transport function. Improve maintenance of municipal networks.
7. Vibrant, equitable and sustainable rural communities and food security	<ul style="list-style-type: none"> Facilitate the development of local markets for agricultural produce.

	<ul style="list-style-type: none"> • Improve transport links with urban centres so as to ensure better economic integration. • Promote home production to enhance food security. • Ensure effective spending of grants for funding extension of access to basic services
8. Sustainable human settlements and improved quality of household life	<ul style="list-style-type: none"> • Cities must prepare to be accredited for the housing function. • Develop spatial plans to ensure new housing development in line with national policy on integrated human settlements. • Participate in the identification of suitable land for social housing. • Ensure capital budgets are appropriately prioritized to maintain existing services and extend services
9. A responsive and accountable, effective and efficient local government system	<ul style="list-style-type: none"> • Adopt IDP planning process appropriate to the capacity and sophistication of the municipality. • Implement the community work programme. • Ensure ward committee are representative and fully involved in community consultation processes around the IDP, budget and other strategic service delivery issues. • Improve municipal financial and administrative capacity by implementing competency norms and standards and acting against incompetence and corruption.
10. Protection and enhancement of environmental assets and natural resources	<ul style="list-style-type: none"> • Develop and implement water management plans to reduce water. • Ensure effective maintenance and rehabilitation of infrastructure. • Run water and electricity saving awareness campaign. • Ensure proper management of municipal commonage and urban open spaces. • Ensure development does not take place on wetlands.
11. A better South Africa, a better and safer Africa and world	<ul style="list-style-type: none"> • Role of local government is fairly limited in this area. Must concentrate on: <ul style="list-style-type: none"> ◦ Ensuring basic infrastructure is in place and properly maintained. ◦ Creating an enabling environment for investment.
12. A development-oriented public services and inclusive citizenship	<ul style="list-style-type: none"> • Continue to develop performance monitoring and management systems. • Comply with legal financial reporting requirement. • Review municipal expenditure to eliminate wastage. • Ensure councils behave in ways to restore community trust in local government.

ECONOMIC OUTLOOK AND FORECASTS

HEADLINE INFLATION AND GROSS DOMESTIC PRODUCTS FORECASTS

The headline inflation estimate and forecast for medium-term will be as follows;

	2009/2010 Actual	2010/2011 Estimate	2011/2012 Forecast	2012/2013 Forecast	2013/2014 Forecast
Headline CPI Inflation	6.3%	4.2%	4.8%	5.3%	5.5%

The Real Gross Domestic Products growth forecast by the Statistician-General is as follows;

	2009/2010 Actual	2010/2011 Estimate	2011/2012 Forecast	2012/2013 Forecast
Real GDP	2.8%	3.4%	4.1%	4.4%

The projected total national government expenditure for the medium-term is a growth of 9.8%.

REVENUE AND CASHFLOW ASSUMPTIONS

The key fundamental for the compilation of the medium-term budget will be ability of the municipality to collect the revenue projected. As a result the medium-term budget will be cash flow driven so that the municipality does not find itself in an unfavorable cash flow position in future.

The National Treasury has condemn the municipality's decision of a balanced budget approach and therefore an approach to be implemented going forward is that the budget should reflect a surplus of at least one (1%) percent of the total revenue budget so that the municipality is in a position to build its cash backed internal reserves to fund future refurbishment and upgrade of existing infrastructure and assets.

GRANTS ALLOCATIONS

The 2011 Division of Revenue Bill has provided guidelines in terms of the conditional (R662 million), unconditional (R973 million) and in-kind (R94 million) grants allocation to the municipalities which in total amounts to R1, 729 billion over medium-term.

MUNICIPAL BUDGET UNDERLYING ASSUMPTIONS, GUIDELINES AND PROJECTIONS

REVENUE GENERATION AND COLLECTION

The municipality plans to generate revenue from rates, services and sundry charges by adjusting the tariffs and fees by an average of 12% over the medium-term as follows;

Description	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Electricity	30%	31.27%	19%	23.41%	22%	22%
Water	8%	8%	7%	8%	10%	11%
Sewer	8%	8%	6%	8%	10%	11%
Refuse Removal	8%	9%	8%	10%	11%	12%
Property Rates	8%	N/A	3%	5%	7%	7%
Other tariffs	8%	10%	6%	10%	10%	10%
Silulumanzi	10%	10.99%	14.42%	9.74%	CPI+3%	CPI+3%

(i) Water

Ensuring that water is correctly priced is the most effective means getting households and businesses to conserve water.

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants and water networks and the cost of new infrastructure.
- Water tariffs are structured to protect basic levels of service.
- Water tariffs are designed to encourage efficient and sustainable consumption.

In accordance with MFMA Circular 55 the municipality should ensure it implement appropriate structured, cost-reflective water tariffs by 2014.

Due to the above the water tariff adjusted will be 3% above the projected headline inflation forecast for 2011/2012 and MTREF.

(ii) Refuse Removal (Waste Management)

The municipality would require to put more money on the waste management services to improve the services which include amongst other things;

- The rehabilitation of old and near full capacity landfill sites;
- The operationalisation of the new Tekwane-West landfill site;
- The replacement of the waste management fleet;
- The filling of critical vacant posts; and
- The refurbishment of existing and dilapidated assets

The achievement of the above would necessitated that the increase on refuse removal tariffs be 5% above the headline inflation for 2011/2012 and MTREF

(iii) Property Rates

The property rates tariff increase will be equivalent to the headline inflation forecasts for 2011/2012 and MTREF because of the above inflation increase of cost drivers and expenditure pressure on upgrade infrastructure and provision of basic services.

THE ABILITY OF MUNICIPALITY TO COLLECT REVENUE (PAYMENT LEVEL)

The payment level trend for the past three years, including current financial year until to date is follows;

Description	Actual 2007/200 8	Actual 2008/200 9	Actual 2009/2010	Estimate 2010/201 1	Forecast 2011/201 2	Forecast 2012/201 3	Forecast 2013/201 4
Payment Levels	88%	92%	85%	92%	92%	92%	92%

The collection average rate of 92% on current accounts will be maintained over the medium-term. The provision for doubtful debts has been projected at 8% over the medium-term.

The summary of outstanding debts for the past three years, including current financial year until to date is as follows;

DESCRIPTION	2007/2008 Actual	2008/2009 Actual	2009/2010 Actual	2010/2011 Estimate	Average
RATES, SERVICES AND SUNDRY CHARGES DEBTORS	R 248 041 281	R 303 467 611	R331 151 658	R385 743 09 3	R131 600 000
GROWTH	12%	22%	9%	16%	15%

The Treasury Service Department has developed a revenue enhancement strategy to address some of the challenges leading to the dwindling payment levels. This strategy seeks to ensure that there is improvement in payment levels and recovery of outstanding debt. The collection on outstanding debts has been projected at an average 36% per annum over the medium-term.

OPERATING EXPENDITURE: GROWTH FACTORS

The operating expenditure will increase by an average of 5% over the medium-term, except the key cost or expenditure driver stated on the table below;

DESCRIPTION	% INCREASE
Salaries, Wages And Allowances	6.08%, 2.5% for new additional vacant posts and 0.5% for learnership bringing the total increase to 9.08%
Remuneration of Councilors	8% (CPI plus 2%), provision has been made for seven additional councillors due to the redemarcation.
General Expenditure: Bulk Purchase	26.71% as per Eskom increase.
General Expenditure	2% increase – low priority expenditure programme.
Interest on external loan	Will depend on the loan amount drawdown from the R200 million DBSA loan taken during September 2010.
Depreciation	Due to update of the asset register during 2009/2010 and 2010/2011 financial year, the depreciation expense has increase by 578%. The expense will be phased-in to the tariffs over a period of six years.
Special IDP Projects	3%
Provision for doubtful debts	8% of the rates and services charge revenue

The drastic increase on depreciation by 587% due to the update of the asset register will be phased-in over a period of six years on the tariffs and fees for property rates and services charge.

CAPITAL BUDGET FUNDING AND PROJECTS

The capital expenditure of the municipality would decrease by an average of 11% over the medium-term due to huge spending on the 2010 World Cup infrastructure which happened during 2009/2010 and part of 2010/2011 financial year.

The funding of the capital expenditure will sourced from conditional grants allocations, external loans (borrowings) and internal reserves. The availability of the internal reserves will largely depend on the collection of outstanding debts which has been projected at 36% on average per annum over the medium-term.

PROVISION OF FREE BASIC SERVICES PROVISION TO THE INDIGENT HOUSEHOLDS

The Indigent Policy of the Mbombela Local Municipality as approved by Council in 2003 is in line with the National Policy on provision of Free Basic Services with its objective of providing free access to basic services to the poor and enhancing the fight against poverty. This policy is being reviewed to be in line with the requirements proposed by the National Department of Cooperative Governance and Traditional Affairs.

The following assumptions were also taken into consideration towards the provision of free basic services;

- Reducing the impact of poverty through free basic service provision
- Protecting the poor from the economic downturn
- Expansion of the current FBS provision by providing Free Alternative Basic Energy

The statistical information on population is:

Description	2008/09	2009/10	2010/11	2011/12
Total number of people in municipal area	661,689	666,896	667,247	672,852
Total number of poor people	297,760	300,103	300,261	302,783
Total number of households in municipal area	132,338	133,379	133,449	134,570
Total number of poor households in municipal area	59,552	60,020	60,052	60,557

The municipality is currently offering the following free basic services:

Free Basic Water	6kl per month
Free Basic Electricity	50kW per month
Free Basic refuse removal	100 % subsidy on tariff
Rebate on property rates	Rebates ranging from 25% to 100% and first R80 000.00 market value being 100% exempted from rates.
Free Basic Sewer	6kl per month

The application of the above assumptions, guidelines and priorities has resulted in the following medium-term budget estimate proposals;

Consolidated Overview of the 2011/12 MTREF

Budget Type (R000)	Adjustment Budget 2010/11	Budget Year 2011/12	Budget Year 2012/13	Budget Year 2013/14
Total Operating Expenditure	1 486 399 641	1 590 747 538	1 755 451 765	2 050 786 829
Total Operating Revenue	1 505 890 215	1 607 257 668	1 776 021 125	2 077 264 212
Surplus/ (Deficit) for the year	19 490 574	16 510 130	20 569 360	26 477 383
Total Operating Budget	2 992 289 856	4 231 550 282	3 531 472 890	4 128 051 041
Total capital Expenditure	656 281 409	447 423 240	496 207 908	590 632 229
Total Budget	3 648 571 265	4 678 973 522	4 027 680 798	4 718 683 270

Total operating revenue has grown by 6.73 per cent or R 101,367,453 for the 2011/2012 financial year when compared to the 2010/2011 adjustment budget. For the two outer years, operational revenue will increase by 10.5 and 16.96 percent respectively.

Total operating expenditure for the 2011/12 financial year has been appropriated at R1.6 billion and translates into a budgeted surplus of R16.5 million. When compared to the 2010/11 Adjustments Budget, operational expenditure has grown by 7 per cent in the 2011/12 budget and by 10.35 and 16.82 per cent for each of the respective outer years of the MTREF.

The operating surplus for the two outer years increases to 20.5 million and R26.4 million. These surpluses will be used to fund future capital expenditure and to further ensure cash backing of reserves and funds.

The capital budget of R447 million for 2011/12 is 31.82 per cent less when compared to the 2010/11 Adjustment Budget. The decrease is due to cash flow crises which resulted in cutting of various projects funded by the Municipality. The capital programme increases to R496 million in the 2012/13 financial year and to R590 million in the 2013/14 financial year. A substantial portion of the capital budget will be funded from grants over MTREF with anticipated allocations of R248 million for 2011/12, R256 million and R293 million respectively in the outer years of the MTREF.

1.4 Operating Revenue Framework

For Mbombela Local Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these

challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the City and continued economic development;
- Efficient revenue management, which aims to ensure a 95 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the City.

The following table is a summary of the 2011/12 MTREF (classified by main revenue source):

Summary of revenue classified by main revenue source

Source of Revenue	Audited Outcome 07/08	Audited Outcome 08/09	Audited Outcome 09/10	Original Budget 10/11	Adjusted Budget 10/11	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Revenue By Source	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Property rates	142 044 993	155 405 840	187 192 358	207 226 320	207 226 320	239 444 704	275 446 121	316 602 121
Service charges - electricity	181 277 960	227 314 368	328 996 570	425 301 930	425 301 930	525 034 224	669 886 020	854 876 020
Service charges - water	16 290 216	18 427 793	18 175 602	19 779 180	19 779 180	23 249 830	26 097 823	29 682 121
Service charges – sanitation	11 170 550	12 886 179	12 657 152	14 105 680	14 105 680	13 576 863	15 307 913	17 501 121
Service charges - refuse	34 741 711	38 305 600	41 860 556	48 052 450	48 052 450	52 699 583	59 924 818	69 129 121
Rental of facilities and equipment	1 932 194	1 595 756	1 412 305	2 705 440	19 205 440	23 063 938	28 503 833	35 454 121
Interest earned - investments	30 121 700	41 267 409	16 389 721	11 574 150	5 912 543	4 300 849	4 300 849	4 300 849
Interest earned - debtors	16 390 889	30 810 293	20 765 102	25 111 850	17 700 000	18 339 090	20 172 999	22 190 121
Fines	3 384 898	4 556 526	3 022 962	4 371 930	4 371 930	3 741 713	4 300 805	4 943 121
Licences and permits	2 257 573	6 191	9 219	7 234 000	5 263 935	5 298 542	6 093 021	7 006 121
Agency services	47 476 381	18 833 991	20 136 561	83 810 960	61 074 465	71 687 560	82 440 694	94 806 121
Transfers recognised – operational	161 950 512	179 798 446	397 738 141	266 873 000	329 183 183	298 622 000	325 248 000	349 331 121
Other revenue	31 363 375	34 201 600	34 638 228	56 805 070	35 031 262	31 817 793	34 740 545	38 013 121
Gains on disposal of PPE	0	0	238 323	15 400 000	10 400 000	9 554 685	9 554 685	9 554 685
Total Revenue	680 402 952	763 409 992	1 083 232 802	1 188 351 960	1 202 608 318	1 320 431 374	1 562 018 126	1 853 394 121

Percentage growth in revenue by main revenue source

Revenue By Source	Current Year 2010/11		MEDIUM TERM REVENUE & EXPENDITURE FRAMEWORK					
Source of Revenue	Adjusted Budget 10/11	%	Budget Year 2011/12	%	Budget Year +1 2012/13	%	Budget Year +2 2013/14	%
Revenue By Source	R'000		R'000		R'000		R'000	
Property rates	207 226 320	17	239 444 704	18	275 446 121	18	316 602 169	1
Service charges - electricity	425 301 930	35	525 034 224	40	669 886 020	43	854 876 321	4
Service charges - water	19 779 180	2	23 249 830	2	26 097 823	2	29 682 650	2
Service charges – sanitation	14 105 680	1	13 576 863	1	15 307 913	1	17 501 536	
Service charges - refuse	48 052 450	4	52 699 583	4	59 924 818	4	69 129 270	4
Rental of facilities and equipment	19 205 440	2	23 063 938	2	28 503 833	2	35 454 480	2
Interest earned - investments	5 912 543	0	4 300 849	0	4 300 849	0	4 300 849	0
Interest earned - debtors	17 700 000	1	18 339 090	1	20 172 999	1	22 190 298	
Fines	4 371 930	0	3 741 713	0	4 300 805	0	4 943 544	0
Licences and permits	5 263 935	0	5 298 542	0	6 093 021	0	7 006 642	0
Agency services	61 074 465	5	71 687 560	5	82 440 694	5	94 806 798	5
Transfers recognised – operational	329 183 183	27	298 622 000	23	325 248 000	21	349 331 000	1
Other revenue	35 031 262	3	31 817 793	2	34 740 545	2	38 013 971	
Gains on disposal of PPE	10 400 000	1	9 554 685	1	9 554 685	1	9 554 685	
Total Revenue	1 202 608 318	100	1 320 431 374	100	1 562 018 126	100	1 853 394 213	100
Total revenue from Service Charges	714 465 560	59	854 005 204	65	1 046 662 695	67	1 287 791 946	70

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. In the 2010/11 financial year, revenue from rates and services charges totalled R714 million or 59 per cent. This increases to R854, R1 billion and R1.2 billion in the respective financial years of the MTREF. A notable trend is the increase in the total percentage revenue generated from rates and services charges which increases from 65 per cent in 2011/12 to 69 per cent in 2013/14. This growth can be mainly attributed to the increased share that the sale of electricity contributes to the total revenue mix, which in turn is due to rapid increases in the Eskom tariffs for bulk electricity. The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. Details in this regard are contained in SA1

Operating grants and transfers is the second largest revenue source totalling R329 million in the 2010/11 financial year and steadily increases to R349 million by 2013/14. Note that there is a decrease of 9.28 percent allocation in the 2011/12 financial year with a steady increase of 8.92 and

7.4 percent in the two outer years. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Property rates is the third largest revenue source totalling 18 per cent of the total revenue or R239 million rand and increases to R316 million by 2013/14.

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of both Eskom and Sembcorp Silulumanzi Water bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity and in these tariffs are largely outside the control of the City. Discounting the impact of these price increases in lower consumer tariffs will erode the City's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the City is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the City has undertaken the tariff setting process relating to service charges as follows.

1.4.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0,25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA). In addition to this rebate, a further R25 000 reduction on the market value of a property will be granted in terms of the City's own Property Rates Policy;
- 35 per cent rebate will be granted on all residential properties (including state owned residential properties);
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;
- For pensioners, physically and mentally disabled persons, a maximum/total rebate of 50 per cent (calculated on a sliding scale) will be granted to owners of rate-able property if the total gross income of the applicant and/or his/her spouse, if any, does not exceed the amount equal to twice the annual state pension as approved by the National Government for a financial year. In this regard the following stipulations are relevant:
 - The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependants without income;
 - The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension;
 - The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
 - The property must be categorized as residential.
- The Municipality may award a 100 per cent grant-in-aid on the property rates of rate-able properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport. The owner of such a property must apply to the Chief Financial Officer in the prescribed format for such a grant.

The categories of rateable properties for purposes of levying rates and the proposed rates for the 2011/12 financial year based on a 5 per cent increase from 1 July 2011 is contained below:

Comparison of proposed rates to levied for the 2011/12 financial year

Category	Current Tariff (1 July 2010)	Proposed Tariff (1 July 2011)
Residential Properties	0.6646	0.6978
Residential property with special consent	0.9969	1.0467
Government owned Properties	1.9938	2.0935
Business & Commercial	1.6615	1.7446
Agricultural	0.1662	0.1745
Vacant Land	1.9938	2.0935
Other property	1.6615	1.7446

[illegible]

	139.08	150.29	162.26	175.29	175.29	175.29	8.0%	189.31	208.24	23
Sanitation	188.63	203.74	152.00	235.40	235.40	235.40	8.0%	254.23	279.66	31
Refuse removal	75.71	81.77	88.31	98.04	98.04	98.04	8.0%	105.88	117.53	13
Other										
sub-total	695.41	806.72	812.25	1 066.45	1 066.45	1 066.45		1 223.05	1 414.85	1 64
VAT on Services	92.76	107.97	108.28	260.27	260.27	260.27		165.42	191.87	22
Total small household bill:	788.17	914.69	832.13	1 326.72	1 326.72	1 326.72		1 388.47	1 606.72	1 87
% increase/-decrease		16.0%	(9.2%)	45.6%	–	–	14.7%	14.7%	15.7%	1
Monthly Account for Household - 'Small' Household receiving free basic services Rates and services charges:										
Property rates	32.85	35.50	18.82	19.40	19.40	19.40	5.0%	20.37	21.80	2
Electricity: Basic levy	–	–	–	–	–	–				
Electricity: Consumption	26.40	34.01	44.68	36.62	36.62	36.62	23.4%	45.19	55.13	6
Water: Basic levy	–	–	–	–	–	–				
Water: Consumption	–	–	–	–	–	–				
Sanitation	75.71	81.77	88.31	97.14	97.14	97.14	8.0%	104.91	116.45	13
Refuse removal										
Other										
sub-total	134.96	151.28	151.81	153.16	153.16	153.16	11.3%	170.47	193.38	22
VAT on Services	14.30	16.21	18.62	18.73	18.73	18.73		21.01	24.02	2
Total small household bill:	149.26	167.49	170.43	171.89	171.89	171.89	11.3%	191.48	217.40	24
% increase/-decrease		12.2%	(9.4%)	0.9%	–	–		11.3%	13.4%	1

1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2011/12 budget and MTREF is informed by the following:

- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the IDP priorities.
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of *no project plan no budget*. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2011/12 budget and MTREF (classified per main type of operating expenditure):

Summary of operating expenditure by standard classification item

DESCRIPTION	2007/08	2008/09	2009/10	CURRENT YEAR 2010/11			2011/2012 MEDIUM TERM REVENUE & EXPE		
R Thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year 2012/13	Budget Year 2013/14
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Employee related costs	192,370	242,641	303,219	336,519	350,568	350,568	385,973	417,022	450,573
Remuneration of councilors	12,821	13,810	15,604	18,089	17,289	17,289	18,672	20,166	21,779
Debt impairment	35,391	101,931	51,062	50,234	59,166	59,166	68,318	83,733	103,023
Depreciation & asset impairment	35,820	282,853	288,471	51,279	352,484	352,484	352,484	359,534	366,724
Finance charges	10,885	11,517	12,969	28,984	21,669	21,669	41,467	43,017	44,666
Bulk purchases	115,647	171,599	206,853	295,423	279,774	279,774	333,520	415,575	518,118
Other materials			0				34,315	35,001	35,701
Contracted services	50,999	95,201	169,498	110,287	108,993	108,993	172,306	191,625	314,439
Transfers and grants	209	198	256						
Other expenditure	177,825	187,438	335,641	277,674	302,777	302,777	183,689	189,774	195,763
Loss on disposal of PPE	0	37	0						
Total Expenditure	631,971	1,107,229	1,383,577	1,168,490	1,492,723	1,492,723	1,590,747	1,755,451	2,050,789

The budgeted allocation for employee related costs for the 2011/11 financial year totals R386 million which equals 24 per cent of the total operating expenditure. Based on the three year collective SALGBC agreement, salary increases have been factored into this budget at a percentage increase of 6.08 per cent for the 2011/12 financial year. An annual increase of 8 per cent has been included in the two outer years of the MTREF. The Municipality has further allocated a 2.5 per cent for additional critical positions to be funded in the 2011/12 financial year. As part of the municipality's plan for capacity building an additional 0.5 percent has been budgeted for learnership programme which will assist the municipality in addressing capacity challenges currently facing the institution.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the municipality's budget. Remuneration for councillors has increased by 8 per cent, and provision has been made for seven additional councillors due to the redemarcation outcome.

The provision of debt impairment was determined based on an annual collection rate of 92 per cent for the year 2010/11. For the 2011/12 financial year this amount equates to R68 million and escalates to R83 million by 2012/13, and by R103 million by 2013/14. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R352 million for the 2011/12 financial and

equates to 22 per cent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 2.6 per cent (R41 million) of operating expenditure excluding annual redemption for 2011/12 and increases to R43 million by 2012/13 and R44 million by 2013/14. The municipality has not been gearing enough during the previous financial years and the current gearing is standing at 16% and ideal situation will be gearing of about 25 – 30%.

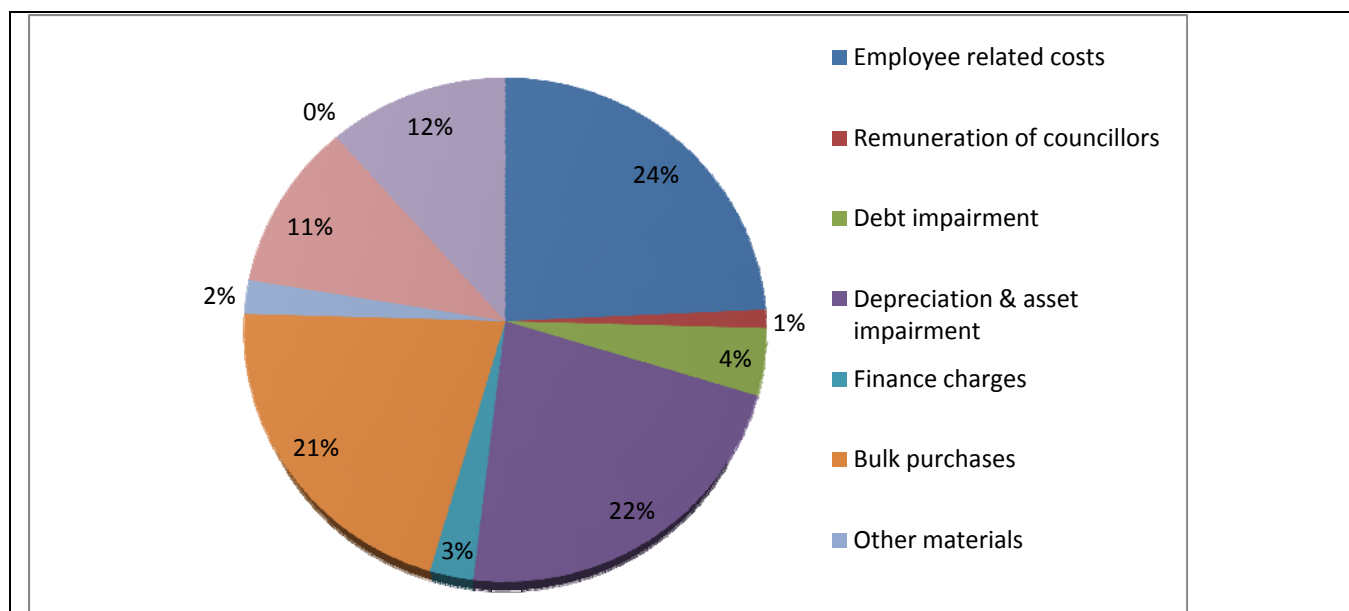
Bulk purchases are directly informed by the purchase of electricity from Eskom and water from SembCorp silulumanzi Water. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

Other materials comprise of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. In line with the municipality repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the municipality infrastructure. For 2011/12 the appropriation against this group of expenditure is sitting at R34 million, R35 million for 2012/13 and R35 million for 2013/14 financial year.

Contracted services have been identified as a cost saving area for the municipality. As part of the compilation of the 2011/12 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. In the 2011/12 financial year, this group of expenditure totals R172 million which is 10.8 per cent of the total operating budget. For the two outer years growth has been limited to 12 and 19 per cent. Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Growth has been limited to 10.8 per cent for 2011/12 and curbed at 12 and 19 per cent for the two outer years, indicating that significant cost savings have been already realised.

The following table gives a breakdown of the main expenditure categories for the 2011/12 financial year.

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During the compilation of the 2011/12 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance. To this end, the municipality is still having a challenge in separating the portion of employee related cost for repairs and maintenance; as a result this allocation is part of the overall employee related cost for council.

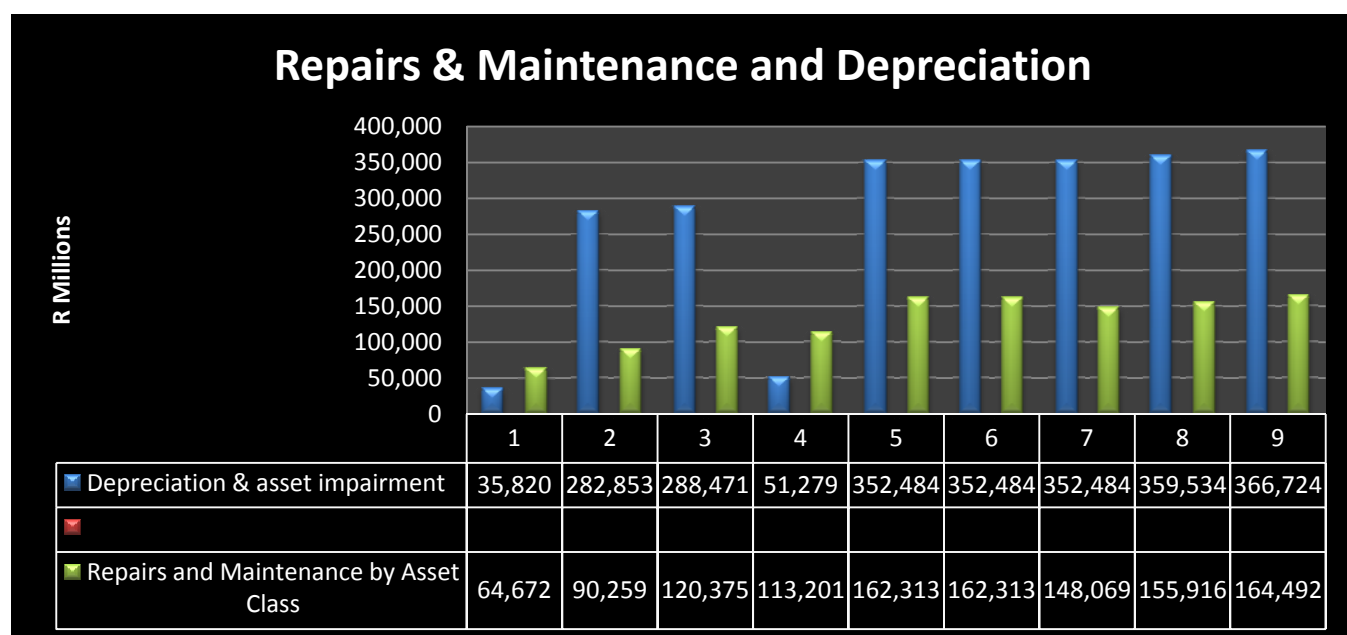
The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Repairs and maintenance per asset class

Description R thousand	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Depreciation & asset impairment	35 820	282 853	288 471	51 279	352 484	352 484	352 484	359 534	366 724

Repairs and Maintenance by Asset Class	64 672	90 259	120 375	113 201	162 313	162 313	148 069	155 916	164 492
Infrastructure - Road transport	25 833	32 633	56 518	48 329	69 358	69 358	63 393	77 617	83 003
Infrastructure - Electricity	17 957	25 738	27 706	13 577	21 379	21 379	22 614	22 904	24 050
Infrastructure - Water	7 434	13 790	13 452	10 675	23 846	23 846	18 245	10 675	11 711
Infrastructure - Sanitation	7 000	10 162	10 767	7 399	9 528	9 528	9 927	10 458	10 844
Infrastructure - Other	4 335	4 984	8 399	27 823	32 561	32 561	26 839	26 238	25 120
Infrastructure	62 559	87 307	116 842	107 803	156 672	156 672	141 018	147 892	154 728
Community	856	1 524	1 845	2 541	2 652	2 652	3 524	4 125	5 241
Other assets	1 254	1 425	1 685	2 854	2 985	2 985	3 524	3 895	4 523
	2 110	2 949	3 530	5 395	5 637	5 637	7 048	8 020	9 764
Total Repairs & Maintenance	64 669	90 256	120 372	113 198	162 309	162 309	148 066	155 912	164 490

For the 2011/12 financial year, 95 per cent or R141 million of total repairs and maintenance will be spent on infrastructure assets. Roads infrastructure has received a significant proportion of this allocation totalling 42.81 per cent (R63 million), followed by infrastructure other totalling 18.13 per cent (R27 million), Electricity at 19 per cent (R23 million) and sanitation at 6.7 per cent (R9,9 million). Community assets has been allocated R3 million of total repairs and maintenance equating to 2.38 per cent.



Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The target is to register 12 500 or more indigent households during the 2011/12 financial year, a process reviewed annually. Details relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table A 10 (Basic Service Delivery Measurement).

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

2011/12 Medium-term capital budget per vote

Vote Description R thousand	Re f	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcom e	Audited Outcom e	Audited Outcom e	Original Budget	Adjusted Budget	Full Year Forecas t	Pre- audit outcom e	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
<u>Capital expenditure – Vote</u>	2										
<u>Multi-year expenditure to be</u>											
<u>appropriated</u>											
COUNCIL		–	–	474	–	–	–	–	–	–	–
COUNCIL SUPPORT		–	–	–	–	–	–	–	–	–	–
MUNICIPAL MANAGER		266	–	1,693	–	–	–	–	–	–	–
FINANCIAL SERVICES STRATEGIC GOVERNANCE & CORPORATE SUPPORT		584	497	697	13,058	11,595	11,595	11,595	5,200	8,200	9,500
CORPORATE SUPPORT & CO-OPERATIVE GOVERNANCE		–	–	–	–	–	–	–	–	–	–
CORPORATE SERVICES		–	958	2,001	9,222	2,899	2,899	2,899	14,550	16,350	21,000

ECONOMIC DEVELOPMENT , TOURISM & TRADE STRATEGIC SERVICE DELIVERY & UNITY SUPPORT HUMAN & COMMUNITY DEVELOPMENT MUNICIPAL PLANNING & DEVELOPMENT INFRASTRUCTURE SERVICES		3,008	–	33,318	4,782	4,782	4,782	4,782	9,500	29,800	19,950
		–	–	–	–	–	–	–	750	3,750	7,700
		9,879	21,679	123,945	41,000	53,062	53,062	53,062	34,150	47,350	58,350
		–	13,369	63	345	–	–	–	221,347	255,477	247,912
		319,243	592,426	566,114	615,905	573,463	573,463	573,463	136,684	105,446	165,042
OPERATIONS & MAINTENANCE		48,295	81,552	125,074	14,896	10,481	10,481	10,481	–	–	–
Capital multi-year expenditure sub-total	7	381,275	710,483	853,380	707,284	656,282	656,282	656,282	422,181	466,373	529,453
<u>Single-year expenditure to be appropriated</u>	2										
FINANCIAL SERVICES		–	–	–	–	–	–	–	1,350	500	–
CORPORATE SERVICES		–	–	–	–	–	–	–	3,480	375	–
ECONOMIC DEVELOPMENT , TOURISM & TRADE STRATEGIC SERVICE DELIVERY & UNITY SUPPORT		–	–	–	–	–	–	–	1,150	–	–
		–	–	–	–	–	–	–	4,450	4,550	5,559
HUMAN & COMMUNITY DEVELOPMENT INFRASTRUCTURE SERVICES		–	–	–	–	–	–	–	350	3,250	8,451
		–	–	–	–	–	–	–	14,462	21,160	47,170
Capital single-year expenditure sub-total		–	–	–	–	–	–	–	25,242	29,835	61,179
Total Capital Expenditure - Vote		381,275	710,483	853,380	707,284	656,282	656,282	656,282	447,423	496,208	590,633

Capital Expenditure – Standard											
Governance and administration		269,649	534,062	520,529	23,509	23,509	23,509	23,509	36,750	57,225	47,050
Executive and council		269,065	519,327	501,074	–	–	–	–			
Budget and treasury office		584	14,735	19,455	13,058	13,058	13,058	13,058	15,700	34,050	21,600
Corporate services		–	–	–	10,451	10,451	10,451	10,451	21,050	23,175	25,450
Community and public safety		6,970	14,479	23,444	63,334	63,334	63,334	63,334	59,500	36,100	42,601
Community and social services		4,293	1,658	3,005	59,060	59,060	59,060	59,060	14,500	16,100	22,601
Sport and recreation		–	433	785	–	–	–	–	–	–	–
Public safety		2,677	12,388	19,654	4,274	4,274	4,274	4,274	45,000	20,000	20,000
Economic and environmental services		45,758	36,789	79,928	179,987	146,987	146,987	146,987	109,173	147,915	219,461
Planning and development		6,723	–	13,248	24,132	24,132	24,132	24,132	19,500	17,000	12,700
Road transport		39,035	36,789	66,680	155,855	122,855	122,855	122,855	89,673	130,915	206,761
Trading services		58,898	125,153	229,479	440,454	422,452	422,452	422,452	242,000	254,968	281,521
Electricity		11,410	35,959	65,176	164,634	157,150	157,150	157,150	73,169	70,200	78,500
Water		31,631	65,433	118,598	174,669	164,151	164,151	164,151	86,238	110,618	95,448
Waste water management		12,949	16,119	29,216	73,082	73,082	73,082	73,082	65,993	47,650	63,373
Waste management		2,908	7,641	16,489	28,070	28,070	28,070	28,070	16,600	26,500	44,200
Other											
Total Capital Expenditure – Standard	3	381,275	710,483	853,380	707,284	656,282	656,282	656,282	447,423	496,208	590,632
Funded by:											
National Government		327,682	591,215	578,563	264,058	311,456	311,456	311,456	245,315	250,123	293,087
Provincial Government			–	6,000	–	–	–	–	–	–	–
District Municipality			–	–	–	–	–	–	–	–	–
Other transfers and grants		–	–		56,187	10,085	10,085	10,085	–	–	–
Transfers recognised – capital	4	327,682	591,215	584,563	320,246	321,542	321,542	321,542	245,315	250,123	293,087
Public contributions & donations	5			15,593	8,420	16,570	16,570	16,570	8,200	14,300	13,259
Borrowing	6	19,326	22,252	130,940	121,708	122,421	122,421	122,421	50,339	35,600	48,600
Internally generated funds		34,267	97,016	122,284	256,911	195,750	195,750	195,750	143,569	196,185	235,686
Total Capital Funding	7	381,275	710,483	853,380	707,284	656,282	656,282	656,282	447,423	496,208	590,632

For 2011/12 an amount of R151million has been appropriated for the development of infrastructure which represents 34% per cent of the total capital budget. In the outer years this amount totals R126 million, 26 per cent and R212 million, 36 per cent respectively for each of the financial years. Municipal Planning and Development received highest allocation for 2011/2012 budget of 221.3 million which results to 49 per cent of the total capital budget and the outer years also allocated 255.4 million and 247.9 million, which represent 51.4 per cent and 41.9 per cent respectively. Human and

Community Development has been allocated R34.5 Million which represent 7.7 per cent of the total budget for 2011/2012, and the allocation for the outer years has a budget of 50,6 million and 66.8 million which represent 10.1 per cent and 11.3 per cent respectively for each of the financial year.

Total new assets represent 5.7 per cent or R235.9 million of the total capital budget while asset renewal equates to 47.2 per cent or R211.5 million. Further detail relating to asset classes and proposed capital expenditure is contained in table A9 (Asset Management). In addition to the Table A9, Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class.

Furthermore a detailed breakdown of the capital budget per project over the medium term.

DEVELOPMENT PRIORITY	PROJECT DESCRIPTION	2011/2012	2012/2013	2013/2014	FUNDING SOURCE
Infrastructure and sustainable services	Establishment and upgrade of various testing and licensing stations	5 000 000	5 500 000	5 500 000	CRR
Infrastructure and sustainable services	Backup generator for Nelspruit testing station	350 000			CRR
Infrastructure and sustainable services	Establishment of Hazyview Fire Station	2 000 000	2 800 000		CRR
Infrastructure and sustainable services	Establishment of Matsulu Fire Station	3 000 000	1 250 000		CRR
Infrastructure and sustainable services	Procurement of high buildings fire truck			8 450 820	CRR
Infrastructure and sustainable services	Procurement of fire and rescue vehicles	750 000	400 000	800 000	CRR
Infrastructure and sustainable services	Upgrade of White River Fire Station		3 250 000		CRR
Infrastructure and sustainable services	Construction of Emergency centre		1 500 000	4 000 000	CRR
Infrastructure and sustainable services	Procurement of Jaws of life Rescue equipments	400 000	400 000	850 000	CRR
Infrastructure and sustainable services	Upgrade of Nelspruit Fire Station		2 450 400		CRR
Infrastructure and sustainable services	Upgrading of community halls	3 400 000	3 000 000	3 000 000	CRR
Infrastructure and sustainable services	Fencing of community facilities	500 000	450 000	300 000	CRR
Infrastructure and sustainable services 2010 legacy and flagship projects	Construction of New Community Halls	3 000 000	1 000 000	5 500 000	CRR
	Establishment of a Museum	3 000 000	6 000 000		Public Contribution
Infrastructure and sustainable services	Establishment of Waste Transfer Stations	7 000 000	8 000 000	12 000 000	CRR
Infrastructure and sustainable services	Refurbishment of Landsite Fencing	3 000 000	3 500 000	8 000 000	CRR
Infrastructure and sustainable services	Waste Containers	1 500 000	2 000 000	3 000 000	CRR
Infrastructure and sustainable services	Solid Waste Fleet	3 000 000	4 600 000	10 600 000	Loan

Human capital and community development	Ablution and Change Room Facilities	600 000	400 000	600 000	CRR
Infrastructure and sustainable services	Extension of Tekwane West Central Waste Disposal Site Phase 3	1 500 000	8 000 000	10 000 000	Loan
2010 legacy and flagship projects	Upgrade of Mbombela Stadium	10 000 000	11 000 000	12 700 000	CRR
Institutional development and transformation	Employees Electronic Attendance Registers(EAR)	700 000	200 000	-	CRR
Institutional development and transformation	Development of e-Government system	250 000	1 500 000	2 000 000	CRR
Institutional development and transformation	Purchases of computer hardware	1 200 000	1 200 000	1 500 000	CRR
Institutional development and transformation	Upgrade of Customer Contact Centre	200 000			CRR
Institutional development and transformation	Refurbishment of Nelspruit Civic Centre Building	3 000 000	3 500 000	5 000 000	Loan
Institutional development and transformation	Refurbishment of CSIR Building	400 000	-	-	CRR
Institutional development and transformation	Upgrade of municipal fleet parking yard	400 000	2 000 000		CRR
Institutional development and transformation	Refurbishment of Aircon system in Matsulu Civic Centre	200 000			CRR
Institutional development and transformation	Refurbishment of Aircon system in the server room	700 000			CRR
Institutional development and transformation	Refurbishment of Carports at Nelspruit Civic Centre	100 000			CRR
Institutional development and transformation	Replacement of public address civic centre	150 000			CRR
Institutional development and transformation	Conversion of garages into offices matsulu		375 000		CRR
Institutional development and	Renovation of red cross building white river	300 000			CRR

transformation					
Institutional development and transformation	Purchase light vehicle	180 000			CRR
Institutional development and transformation	Upgrade and extension of the tetra two way radio system	3 000 000	4 000 000	7 000 000	CRR
Institutional development and transformation	Extension of the CCTV system	3 000 000	2 000 000	2 000 000	CRR
Institutional development and transformation	Development of enterprise information system (MIC)	1 200 000	1 500 000	2 000 000	CRR
Institutional development and transformation	Upgrade of computer server room	500 000	-	-	CRR
Institutional development and transformation	Expansion of Customer relations management system	700 000	750 000		CRR
Institutional development and transformation	Upgrading of ICT software	1 000 000	1 200 000	1 500 000	CRR
Institutional development and transformation	Construction of ablution block at Matsulu Civic Centre	250 000			CRR
Institutional development and transformation	Installation of palisade fence at Matsulu service centre	500 000			CRR
Institutional development and transformation	Project management system for managing all projects	500 000	500 000		CRR
Financial management and viability	Financial Statements compiling system and upgrade of financial system	300 000	500 000	1 000 000	CRR
Financial management and viability	Financial Documents Filing storage and system	200 000	500 000	500 000	CRR
Financial management and viability	Cost and Management Accounting System	1 000 000	1 500 000	500 000	CRR
Financial management and viability	Upgrade of Projects Performance and Contract Management System	500 000			CRR
Financial management and viability	Upgrade of Integrated Municipal Stores Management System		500 000		CRR

Financial management and viability	Upgrade of Municipal Stores security measures	500 000			CRR
Financial management and viability	Upgrade of electronic procurement system	350 000			CRR
Financial management and viability	Contingency allocation	3 000 000	5 000 000	7 000 000	CRR
Institutional development and transformation	Purchase of office equipments and furniture	700 000	700 000	500 000	CRR
Financial management and viability	Upgrade of Prepayment Management System	100 000			CRR
Economic Development	Job linkage centre	250 000	6 000 000	4 400 000	CRR
Economic Development	Marula Project	50 000	5 000 000	5 000 000	CRR
Economic Development	Interactive Tourism Cultural Centre	5 000 000	12 000 000	500 000	CRR
Economic Development	Building of trade stalls - Kabokweni, Mahushu, Nyongane/Bhekiswayo	1 500 000	1 500 000	2 000 000	CRR
Economic Development	Purchase barbers stalls	300 000	350 000	350 000	CRR
Economic Development	Supply informal trade trolleys - Hazyview, Matsulu	1 200 000	1 000 000		CRR
Economic Development	Building of trade stalls - Hazyview	750 000			CRR
Economic Development	Trading space for Informal Traders - White River	400 000			CRR
Economic Development	Fencing of ablution facility in Brown street	-	-	350 000	CRR
Economic Development	Trade Stalls - Corner Plaston/Karino (Airport)	300 000	200 000		CRR
Infrastructure and sustainable services	SC 909 - Extensions To Beryl Zone (Maggiesdal)	-	-	2 286 513	Service Contribution
Infrastructure and sustainable services	SC 902 - Upgrades Central Zone - Owtw Pumpline To Old Pta Rd	-	1 500 000	-	Service Contribution
Infrastructure and sustainable services	SC 904 - Upgrades Sonheuwel Lower Ps & PI	-	750 000	-	Service Contribution
Infrastructure and sustainable services	SC 907 - Reinforcement Of Beryl & Saffier Zone (Stonehenge)	-	400 000	600 000	Service Contribution
Infrastructure and sustainable services	SC 909 - Water: Upgrading Of 'Saffier' Ps (Beryl Zone)	-	500 000	-	Service Contribution
Infrastructure and sustainable services	SC 1001 - WATER: UPGRADING VALENCIA PL (Phase 3 - N4 To Reservoir)	-	-	1 500 000	Service Contribution
Infrastructure and sustainable services	SC 1002 - Water: Upgrades To Giraffe Internal Network	-	1 800 000	-	Service Contribution

Infrastructure and sustainable services	SC 1201 - Water: Upgrades Sonheuwel Upper Plan	-	-	500 000	Service Contribution
Infrastructure and sustainable services	SC 707 - Sewer Main Outfall Upgrades - Sonheuwel & Central (Enos Mabuza)	2 500 000	-	-	Service Contribution
Infrastructure and sustainable services	SC 710 - White River Corridor Collector Sewers - Service Contributions	500 000	2 300 000	6 000 000	Service Contribution
Infrastructure and sustainable services	SC 806 - Sewer Pump Station Upgrades - Riverside X21	600 000	-	-	Service Contribution
Infrastructure and sustainable services	SC 901 - Sewer Main Outfall Upgrades - Ferreira Street (Phase 2) (Nes708)	1 200 000	-	-	Service Contribution
Infrastructure and sustainable services	SC 908 - Sewer Main Outfall Upgrades - Sonheuwel & Central (Impala Str)	-	-	1 272 500	Service Contribution
Infrastructure and sustainable services	SC 910 - Sewer: Extensions To Existing Networks Development Needs	250 000	250 000	300 000	Service Contribution
Infrastructure and sustainable services	SC 911 - Sewer: Bethelour (Eagles View) Outfall Sewers	150 000	-	-	Service Contribution
Infrastructure and sustainable services	SC 912 - Sewer: Pump Station Upgrades - Stonehenge	-	500 000	500 000	Service Contribution
Infrastructure and sustainable services	SC 1013 -Sewer: Network Upgrading Ac Mains	-	300 000	300 000	Service Contribution
Infrastructure and sustainable services	Tekwane North bus route Phase 1a	9 014 993	-	-	MIG
Infrastructure and sustainable services	SandRiver to Nkambeni Bus route	2 000 000	-	-	MIG
Infrastructure and sustainable services	Construction of Gutsa Kop Bus route	15 100 000	-	-	MIG
Infrastructure and sustainable services	Various Foot bridges in Mbombela 2	9 056 019	-	-	MIG
Infrastructure and sustainable services	Matsulu streets and bus routes - Ad hoc projects	15 000 000	19 548 874	27 000 000	MIG
Infrastructure and sustainable services	Kanyamazane streets and bus routes - Ad hoc projects	15 834 082	20 000 000	27 000 000	MIG
Economic Development	Kanyamazane Precinct development	6 500 000	-	-	NDPG
Infrastructure and sustainable services	Phumlani bus route	1 400 000	10 000 000	20 000 000	MIG
Infrastructure and sustainable services	Nsikazi North household sanitation	12 000 000	15 000 000	18 000 000	MIG
Infrastructure and sustainable services	Nsikazi south household sanitation	10 000 000	12 000 000	15 000 000	MIG

Infrastructure and sustainable services	Matsulu, Portia, Mpakeni & Luphisi household sanitation	8 000 000	12 000 000	18 000 000	MIG
Infrastructure and sustainable services	Zwelisha Mluti bus route	1 800 000	8 100 000	12 000 000	MIG
Infrastructure and sustainable services	Tekwane North internal streets	900 000	4 050 000	10 000 000	MIG
Infrastructure and sustainable services	Pedestrian bridges in Ward 2, 4 & 29	474 000	4 266 000	8 700 000	MIG
Infrastructure and sustainable services	Vehicular and Pedestrian Crossing Structure in Nsikazi South	780 000	7 020 000	15 000 000	MIG
Infrastructure and sustainable services	Vehicular and Pedestrian Crossing Structure in Nsikazi North	780 000	7 020 000	15 000 000	MIG
Infrastructure and sustainable services	Kabokweni Waste water treatment works	22 793 000	-	-	MIG
Infrastructure and sustainable services	Establishment of Public Transport Management Function - devolved from Provincial Dept of Transport	45 000 000	20 000 000	20 000 000	PTIS
Infrastructure and sustainable services	Hoxane water treatment works	4 000 000	5 000 000		CRR
Infrastructure and sustainable services	Hazyview water treatment works	13 339 000	-	-	Loan
Infrastructure and sustainable services	Elandshoek bus route	2 000 000	1 500 000	-	CRR
Infrastructure and sustainable services	Nelspruit White River bulk water supply	4 000 000	-	-	Loan
Infrastructure and sustainable services	Construction of Mataffin Trust internal water and sewerage networks	17 129 786	15 000 000	-	MIG
Infrastructure and sustainable services	Upgrade of Matsulu water supply	4 788 557	16 971 393	7 182 836	MIG
Infrastructure and sustainable services	Entokozweni -Kanyamazane: Extension of water network System	1 703 731	2 082 338	-	MIG
Infrastructure and sustainable services	Tekwane North Bulk Water Supply	6 476 832	20 544 396	5 987 165	MIG
Infrastructure and sustainable services	Counter-funding of MIG roads incubator projects (Tshuma, Matsulu Hambavangeli, Matsulu Mashonamini bus routes)		5 000 000	10 000 000	CRR
Infrastructure and sustainable services	Kaapschehoop waste water treatment works	1 000 000	3 500 000	4 000 000	CRR

Infrastructure and sustainable services	Installation of standby diesel generators at KaNyamazane, Nyongane water treatment works & pump stations	1 000 000	1 400 000	1 500 000	CRR
Infrastructure and sustainable services	Re-instate damaged old Pienaar Pumpline	500 000	2 500 000	2 500 000	CRR
Infrastructure and sustainable services	Construction of Nyongane Treatment Water Works 30Mg/l capacity: Phase I (15ml/d)	1 000 000	10 000 000	15 000 000	RBIG
Infrastructure and sustainable services	Procurement of water SCADA system	1 200 000	1 000 000	-	CRR
Infrastructure and sustainable services	Construction of 2 Mg/l package plant in Manzini	3 000 000	-	-	CRR
Infrastructure and sustainable services	Construction of 1.5 Mg/l package in Majika	3 000 000	-	-	CRR
Infrastructure and sustainable services	Construction of 2.0 Mg/l package in Mshadza (Feasibility and Design)	150 000	3 000 000	-	CRR
Infrastructure and sustainable services	Construction of 2.0 Mg/l package in Jerusalem	2 500 000	1 000 000	-	CRR
Infrastructure and sustainable services	Install boreholes in Nsikazi North and South	-	1 000 000	1 500 000	CRR
Infrastructure and sustainable services	Water conservation and demand management strategy and implementation	3 500 000	4 000 000	8 000 000	CRR
Infrastructure and sustainable services	Dwaleni water augmentation scheme	-	1 200 000	-	CRR
Infrastructure and sustainable services	Backdoor / Mbonisweni water augmentation scheme	2 000 000	-	-	CRR
Infrastructure and sustainable services	Upgrade clearwater sump at Kanyamazane wtw	4 500 000	3 000 000	-	RBIG
Infrastructure and sustainable services	Increase capacity of Kanyamazane wtw (Feasibility study p1, Design and Construction)	500 000	7 469 908	32 391 796	RBIG
Infrastructure and sustainable services	Refurbishment of Elandshoek Water Networks	700 000	-	-	CRR
Infrastructure and sustainable services	Link old Mshadza plant to Phola reservoir	800 000	-	-	CRR
Infrastructure and sustainable services	Registration of Water and Sanitation Servitudes	500 000	1 000 000	3 000 000	CRR
Infrastructure and sustainable services	Procure 5 water tankers (5000 litre truck)	-	1 000 000	3 000 000	CRR
Infrastructure and sustainable services	Upgrade water laboratories and procure equipment and package plant (Kanyamazane, White River & Hazyview)	700 000	1 500 000	2 000 000	CRR

Infrastructure and sustainable services	Additional Water pump - Pienaar with and upgrade Electric Motor Control Centre	-	1 500 000	2 000 000	CRR
Infrastructure and sustainable services	Phumlani village water and sanitation connection	250 000	-	-	CRR
Infrastructure and sustainable services	Additional 1ML/D module at Dwaleni package plant	1 500 000	-	-	CRR
Infrastructure and sustainable services	Refurbishment of the Nsikazi regional scheme	5 000 000	4 000 000	5 000 000	RBIG
Infrastructure and sustainable services	Procure of eight vehicles for water and sanitation	600 000	600 000	600 000	CRR
Infrastructure and sustainable services	Refurbishment / construction of new standby accomodation	200 000	300 000	300 000	CRR
Infrastructure and sustainable services	Fencing of reservoirs and pump stations	1 000 000	500 000	500 000	CRR
Infrastructure and sustainable services	Monitoring system for water tankers		500 000	-	CRR
Infrastructure and sustainable services	Refurbishment and Upgrade Mganduzweni package plant	-	500 000	1 000 000	MIG
Infrastructure and sustainable services	KaMagugu network upgrade	1 000 000	1 500 000	1 000 000	CRR
Infrastructure and sustainable services	SCADA	100 000	2 000 000	2 000 000	CRR
Infrastructure and sustainable services	Alternative/Renewable Energy	1 500 000	2 000 000	3 000 000	CRR
Infrastructure and sustainable services	Installation of streetlights (Ward 18)	95 000	-	-	CRR
Infrastructure and sustainable services	Phumlani Electricity supply (bulk supply)	500 000	-	-	CRR
Infrastructure and sustainable services	Ferreira substation deload	1 700 000	-	-	CRR
Infrastructure and sustainable services	Sonheuwel substation load project	500 000	-	-	CRR
Infrastructure and sustainable services	Town North Substation Transformer	7 500 000	3 000 000	6 000 000	Loan
Infrastructure and sustainable services	Valencia Substation P2	6 500 000	6 000 000	7 000 000	CRR
Infrastructure and sustainable services	Montana Switching Station P2	500 000	4 000 000	4 000 000	CRR
Infrastructure and sustainable services	Boschrand Heights Switching Station	500 000	4 000 000	4 000 000	CRR

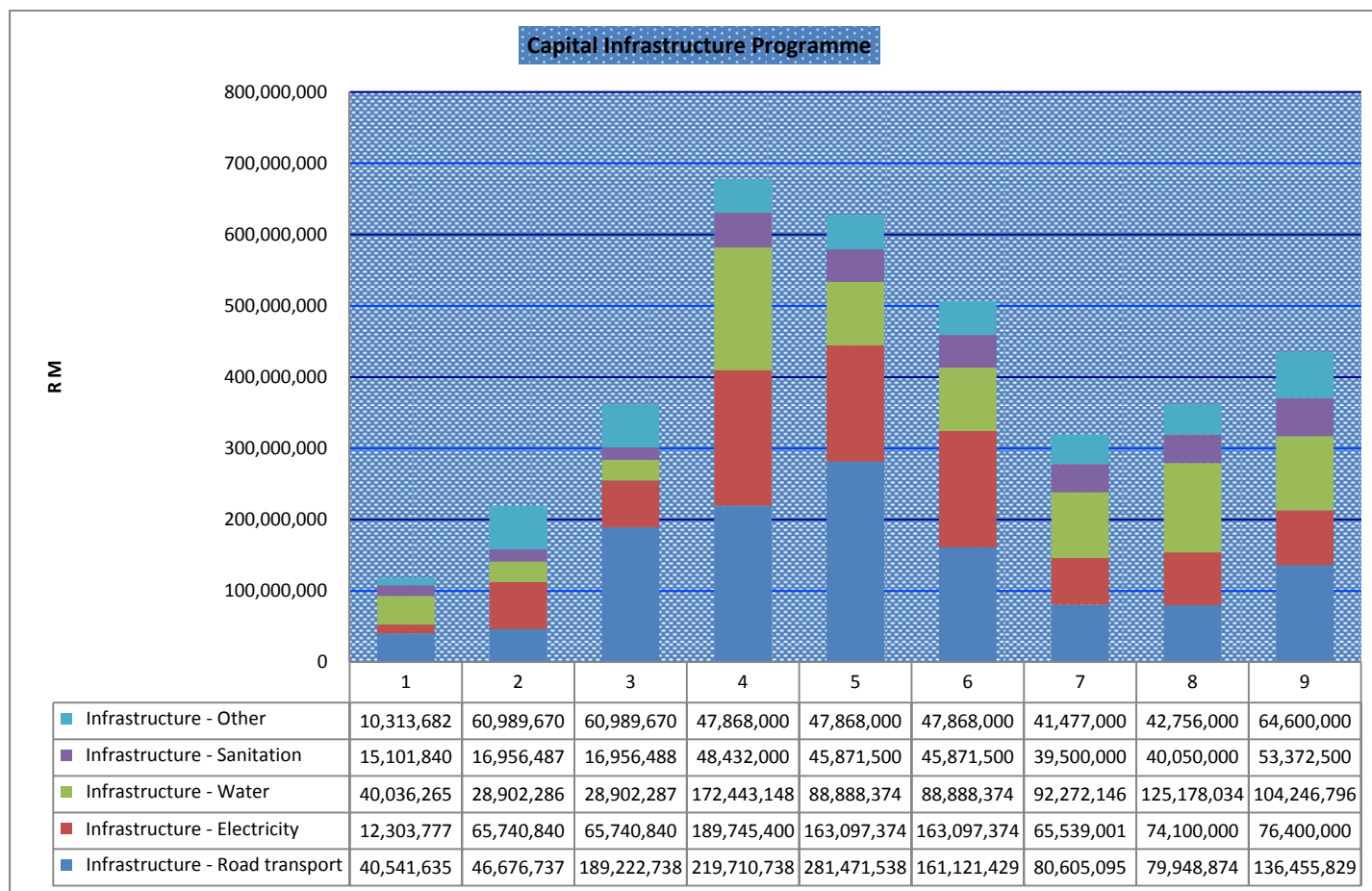
Infrastructure and sustainable services	Energy Efficiency & Demand Side Management	8 000 000	-	-	DSM
Financial management and viability	(LPU - Automated Meter Read System)	1 600 000	2 000 000	2 000 000	CRR
Infrastructure and sustainable services	Substations CCTV, fire protection & cable theft detection	600 000	1 000 000	4 000 000	CRR
Infrastructure and sustainable services	Mini-substations upgrade	2 000 000	500 000	1 000 000	CRR
Infrastructure and sustainable services	Substations maintenance and refurbishment	2 000 000	2 500 000	6 500 000	CRR
Infrastructure and sustainable services	White River Electrical Offices & Ablution facilities	500 000	1 000 000	400 000	CRR
Infrastructure and sustainable services	Nelspruit Electrical Offices & Drawing Office	800 000	1 000 000	400 000	CRR
Infrastructure and sustainable services	Substation fencing (concrete)	500 000	1 000 000	2 000 000	CRR
Infrastructure and sustainable services	Electrical Network Protection	1 500 000	2 000 000	1 000 000	CRR
Infrastructure and sustainable services	Eskom POS (NMD upgrade) (Mataffin, Valencia, Nelsriver & Town North)	15 000 000	15 000 000	17 000 000	Loan
Infrastructure and sustainable services	Ilanga - Matsafeni ring upgrade	3 000 000	1 500 000	-	Loan
Infrastructure and sustainable services	Anderson - Civic Centre ring upgrade	1 500 000	2 000 000	-	CRR
Infrastructure and sustainable services	Town Central - WRCE network upgrade (o/h to u/g)	1 100 000	4 000 000	4 200 000	CRR
Infrastructure and sustainable services	Town North - Kingsview Ext3 network upgrade(o/h to u/g)	700 000	1 700 000	-	CRR
Infrastructure and sustainable services	Rural overhead lines upgrade	500 000	1 400 000	1 000 000	CRR
Infrastructure and sustainable services	Network Upgrade _Industrial area (White River)	800 000	800 000	900 000	CRR
Infrastructure and sustainable services	MV feeder upgrade	1 000 000	1 500 000	2 500 000	CRR
Infrastructure and sustainable services	Purchase of motor vehicle - bakkie	300 000	1 000 000	1 500 000	CRR
Infrastructure and sustainable services	Cable trailers (7tons)	120 000	450 000	450 000	CRR

Infrastructure and sustainable services	Personnel carrier (steel canopy)	50 000	400 000	100 000	CRR
Infrastructure and sustainable services	Cherry -picker	650 000	1 000 000	1 000 000	CRR
Infrastructure and sustainable services	Power quality meters	500 000	1 500 000	1 500 000	CRR
Infrastructure and sustainable services	Distribution and safety equipment	100 000	300 000	100 000	CRR
Infrastructure and sustainable services	Electrification of households (INEP)	10 034 000	5 500 000	5 000 000	INEP
Infrastructure and sustainable services	Installation of Street lights (eastern areas)	1 000 000	1 500 000	2 000 000	CRR
Infrastructure and sustainable services	Emergency generators	40 000			CRR
Infrastructure and sustainable services	Resealing of roads - Nelspruit Area	2 000 000	3 500 000	5 000 000	CRR
Infrastructure and sustainable services	Resealing of roads - White River & Rocky Drift	1 500 000	2 000 000	2 000 000	CRR
Infrastructure and sustainable services	Resealing of roads - Hazyview Area	1 000 000	1 000 000	1 000 000	CRR
Infrastructure and sustainable services	Resealing of roads - Nsikazi South	1 500 000	3 000 000	3 000 000	CRR
Infrastructure and sustainable services	Resealing of roads - Nsikazi North	1 500 000	3 000 000	3 000 000	CRR
Infrastructure and sustainable services	Resealing of roads - Matsulu	1 000 000	1 000 000	1 000 000	CRR
Infrastructure and sustainable services	Assesment & planning for replacement of collapsed stormwater pipes and culverts in West Acres x 7 & 8	500 000	3 000 000	2 000 000	CRR
Infrastructure and sustainable services	Traffic Light Optimization - Nelspruit CBD	500 000			CRR
Infrastructure and sustainable services	Traffic calming measures	500 000	1 000 000	1 000 000	CRR
Infrastructure and sustainable services	Replace small plant & equipment	300 000	300 000	300 000	CRR
Infrastructure and sustainable services	Replace of construction plant & equipment	1 500 000	2 000 000	2 500 000	CRR
Infrastructure and sustainable services	Stormwater systems - Tekwane North	1 000 000	1 000 000		CRR
Infrastructure and sustainable services	Purchase Spoonet property for PT Facility	-	6 500 000		CRR

Infrastructure and sustainable services	Upgrading of Hazyview water network	1 500 000			CRR
Infrastructure and sustainable services	Upgrading and extension of WR sewer networks	3 000 000	1 800 000		CRR
Infrastructure and sustainable services	Hazyview WWTW & Outfall Sewer - Planning, design, acquisition of land.	4 000 000			CRR
Infrastructure and sustainable services	Roads and Stormwater Kanyamzane PH1 (37,38,39 &40)	734 240			CRR
Infrastructure and sustainable services	Roads and Stormwater Shabalala Nyongane PH1 (55,154 - 156, 197 & 198)	500 000	2 000 000		CRR
Infrastructure and sustainable services	Stormwater low level bridge Clau-Clau (35)	1 000 000	3 100 000		CRR
Infrastructure and sustainable services	Roads and Stormwater Legogote PH 1 (103 & 104)	500 000	3 600 000		CRR
Infrastructure and sustainable services	Planning & design of roads & stormwater drainage - Hazyview Vakansiedorp		500 000		CRR
Infrastructure and sustainable services	Reconstruction of Road D2965 [Nkambeni-Nyongane]			3 000 000	MIG
Infrastructure and sustainable services	Construction of Bus Route D2969 in Mgcobaneni			225 600	MIG
Infrastructure and sustainable services	Roads and Stormwater Kanyamzane PH2 (1,2 & 16)		2 065 000		CRR
Infrastructure and sustainable services	Roads and Stormwater Kanyamzane PH3 (16,52,17 &3)			2 950 000	CRR
Infrastructure and sustainable services	Roads and Stormwater Shabala Nyongane PH3 (193-196)			4 050 000	CRR
Infrastructure and sustainable services	Roads and Stormwater Kanyamzane PH4 (30,31 & 32)			2 950 000	CRR
Infrastructure and sustainable services	Roads and Stormwater Msogwaba (177 & 178)			775 000	CRR
Infrastructure and sustainable services	Stormwater Structures Nkambeni (140)		245 000		CRR
Infrastructure and sustainable services	Roads and Stormwater Legogote PH 2 (101 & 102)		1 500 000	1 700 000	CRR
Infrastructure and sustainable services	Roads and Stormwater Legogote PH 3 (187 & 188)			610 000	CRR
Infrastructure and sustainable services	New Traffic light and Geometric alterations Cnr Ehmke, Russel and Nel Streets		2 000 000		CRR
Infrastructure and sustainable services	New Traffic signals - Mostert/Van der Merwe Streets		350 000		CRR

Infrastructure and sustainable services	New turning lane - Mostert/Van der Merwe Streets		250 000		CRR
Infrastructure and sustainable services	New turning lanes and Geometric alterations - Cnr Piet Retief / Rood Streets			1 500 000	CRR
Infrastructure and sustainable services	New traffic lights and Geometric alterations Cnr of Bester and Kragbron Streets		1 500 000		CRR
Infrastructure and sustainable services	Construction of P166 Link Road between R40 & R37			15 000 000	CRR
Infrastructure and sustainable services	Upgrade of Existing streets in Nelspruit - Kaapsehoop (from Enos Mabuza to N4)			4 000 000	CRR
Infrastructure and sustainable services	Upgrade of Existing streets in Nelspruit - Graniet Street (from Bauhinia to N4)			2 000 000	CRR
Infrastructure and sustainable services	Upgrade of intersection - Kaapschehoop Road with Samora Machel			2 500 000	CRR
Total		447 423 240	496 207 908	590 632 229	

The following graph provides a breakdown of the capital budget to be spent on infrastructure related projects over the MTREF.



1.7 Annual Budget Tables - Parent Municipality

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2011/12 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table A1 - Budget Summary

MP322 Mbombela – Table A Budget Summary

R thousands	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Financial Performance										
Property rates	142,045	155,406	187,192	207,226	207,226	207,226	207,226	239,445	275,446	316,602
Service charges	238,401	296,934	401,690	507,239	507,239	507,239	507,239	614,561	771,217	971,190
Investment revenue	30,122	41,267	16,390	11,574	5,913	5,913	5,913	4,301	4,301	4,301
Transfers recognised – operational	161,951	179,798	397,738	266,873	329,183	329,183	329,183	298,622	325,248	349,331
Other own revenue	104,295	90,004	80,223	195,439	153,047	153,047	153,047	163,503	185,807	211,970
Total Revenue (excluding capital transfers and contributions)	676,813	763,410	1,083,233	1,188,352	1,202,608	1,202,608	1,202,608	1,320,431	1,562,018	1,853,394
Employee costs	192,370	242,642	303,219	336,519	350,569	350,569	350,569	385,974	417,023	450,573
Remuneration of councilors	12,821	13,811	15,605	18,089	17,289	17,289	17,289	18,673	20,166	21,780
Depreciation & asset impairment	35,821	282,854	288,471	51,279	352,484	352,484	352,484	352,484	359,534	366,725
Finance charges	10,885	11,517	12,970	28,984	21,670	21,670	21,670	41,467	43,018	44,666
Materials and bulk purchases	115,647	171,599	206,854	295,423	279,774	279,774	279,774	367,836	450,577	553,820
Transfers and grants	210	198	256	–	–	–	–	–	–	–
Other expenditure	264,217	384,609	556,203	438,196	470,937	470,937	470,937	424,314	465,133	613,226
Total Expenditure	631,972	1,107,229	1,383,578	1,168,491	1,492,723	1,492,723	1,492,723	1,590,748	1,755,452	2,050,790
Surplus/(Deficit)	44,841	(343,819)	(300,345)	19,861	(290,115)	(290,115)	(290,115)	(270,316)	(193,433)	(197,395)
Transfers recognised – capital	327,682	591,566	528,045	445,947	303,282	303,282	303,282	286,856	214,003	223,870
Contributions recognised - capital & contributed assets	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	372,523	247,746	227,700	465,808	13,167	13,167	13,167	16,540	20,570	26,475
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	372,523	247,746	227,700	465,808	13,167	13,167	13,167	16,540	20,570	26,475
Capital expenditure & funds sources										
Capital expenditure	381,275	710,483	853,380	707,284	656,282	656,282	656,282	447,423	496,208	590,632
Transfers recognised – capital	327,682	591,215	584,563	320,246	321,542	321,542	321,542	245,315	250,123	293,087
Public contributions & donations	–	–	15,593	8,420	16,570	16,570	16,570	8,200	14,300	13,259
Borrowing	19,326	22,252	130,940	121,708	122,421	122,421	122,421	50,339	35,600	48,600
Internally generated		97,016								

Explanatory notes to Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows positive cash balance which means that the municipalities' obligation will be met for the rest of the MTREF after considering its application of cash and investments.
5. The section of Free Services shows that the amount spent on Free Basic Services by the municipality continues to increase while the revenue cost continues to decrease for the MTREF.

Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Revenue – Standard									
<i>Governance and administration</i>	319,611	343,801	484,014	502,049	532,343	532,343	561,605	630,849	695,517
Executive and council	121,735	151,231	249,759	248,098	92,548	92,548	6	7	7
Budget and treasury office	195,023	191,412	234,255	251,050	436,633	436,633	559,475	628,525	692,979
Corporate services	2,853	1,158	–	2,901	3,162	3,162	2,123	2,318	2,531
<i>Community and public safety</i>	58,106	57,885	86,059	71,259	77,673	77,673	54,113	56,791	68,601
Community and social services	765	777	1,728	2,031	2,215	2,215	1,454	1,563	1,683
Sport and recreation	49,315	51,628	80,974	63,557	69,277	69,277	43,688	45,707	65,814
Public safety	3,422	4,554	3,085	3,570	3,892	3,892	85	93	103
Housing	2,294	676	–	1,173	1,279	1,279	–	–	–
Health	2,309	251	272	928	1,011	1,011	8,886	9,427	1,002
<i>Economic and environmental services</i>	383,298	656,356	530,401	553,752	388,635	388,635	377,010	317,164	341,957
Planning and development	–	3	2,356	364	–	–	3,322	3,629	3,967
Road transport	383,298	656,353	528,045	552,266	387,413	387,413	373,688	313,535	337,990
Environmental protection	–	–	–	1,122	1,223	1,223	–	–	–
<i>Trading services</i>	243,480	296,934	510,804	507,239	507,239	507,239	614,561	771,217	971,190
Electricity	181,278	227,314	339,038	425,302	425,302	425,302	525,034	669,886	854,876
Water	16,290	18,428	102,618	19,779	19,779	19,779	23,250	26,098	29,683
Waste water management	11,171	12,886	26,108	14,106	14,106	14,106	13,577	15,308	17,502
Waste management	34,742	38,306	43,041	48,052	48,052	48,052	52,700	59,925	69,129
<i>Other</i>	–	–	–	–	–	–	–	–	–
Total Revenue – Standard	1,004,495	1,354,976	1,611,278	1,634,299	1,505,890	1,505,890	1,607,288	1,776,021	2,077,264
Expenditure – Standard									
<i>Governance and administration</i>	262,753	330,878	382,486	346,764	414,773	414,773	562,246	473,501	630,231
Executive and council	131,106	146,699	241,291	218,608	238,283	238,283	226,420	85,479	193,877
Budget and treasury office	94,546	126,122	141,195	56,443	61,522	61,522	251,620	316,461	334,022
Corporate services	37,100	58,057	–	71,713	114,968	114,968	84,207	71,561	102,332
<i>Community and public safety</i>	67,232	98,518	136,385	181,395	197,721	197,721	235,906	240,813	317,739
Community and social services	15,216	15,292	47,025	23,455	25,566	25,566	46,177	48,628	51,805
Sport and recreation	7,158	35,497	13,986	96,591	105,285	105,285	97,371	104,213	122,044

Public safety	34,016	35,984	64,456	45,627	49,734	49,734	75,768	70,333	123,024
Housing	1,991	3,371	–	4,785	5,216	5,216	3,737	3,952	4,182
Health	8,850	8,374	10,918	10,937	11,921	11,921	12,854	13,688	16,685
Economic and environmental services	181,145	493,424	312,085	323,180	576,771	576,771	322,499	456,839	361,651
Planning and development	9,383	10,964	34,437	24,381	26,575	26,575	82,134	38,158	39,680
Road transport	171,364	482,062	277,648	297,575	548,862	548,862	239,820	418,125	321,403
Environmental protection	398	398	–	1,224	1,334	1,334	545	556	567
Trading services	120,843	184,409	552,622	313,574	299,559	299,559	467,546	570,220	729,390
Electricity	110,704	170,731	332,526	294,219	275,570	275,570	326,969	408,696	510,854
Water	1,664	3,134	121,372	1,204	4,204	4,204	6,552	6,880	7,264
Waste water management	1,658	1,584	22,360	1,442	1,572	1,572	42,310	44,728	57,541
Waste management	6,817	8,961	76,364	16,709	18,212	18,212	91,715	109,917	153,731
Other	–	–	–	3,577	3,899	3,899	2,550	14,078	11,779
Total Expenditure – Standard	631,972	1,107,229	1,383,578	1,168,491	1,492,723	1,492,723	1,590,748	1,755,452	2,050,790
Surplus/(Deficit) for the year	372,523	247,746	227,700	465,808	13,167	13,167	16,540	20,570	26,475

Explanatory notes to Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case on Electricity, Water, Waste water functions and the Waste management function. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.

MP322 Mbombela - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	R ef	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Revenue by Vote	1									
COUNCIL		–	70	–	–	–	–	–	–	–
COUNCIL SUPPORT		117,864	151,160	198,406	248,098	248,098	248,098	6	7	7
MUNICIPAL MANAGER		–	–	51,353	–	–	–	–	–	–
FINANCIAL SERVICES		188,282	232,437	232,064	522,194	428,766	458,748	559,475	628,525	692,979
STRATEGIC GOVERNANCE & CORPORATE SUPPORT		–	–	–	1,184	1,184	1,184	–	–	–
CORPORATE SUPPORT & CO-OPERATIVE GOVERNANCE		559	1,090	–	792	792	792	–	–	–
CORPORATE SERVICES		559	1,090	1,973	792	792	792	62	65	69
ECONOMIC DEVELOPMENT , TOURISM & TRADE		2,294	685	2,515	11	11	11	105	115	127
STRATEGIC SERVICE DELIVERY & UNITY		3,021	2,545	–	6,394	6,394	6,394	11,173	11,970	12,824
SUPPORT HUMAN & COMMUNITY DEVELOPMENT		347,062	342,734	257,027	158,354	143,533	128,711	166,150	191,632	222,454
MUNICIPAL PLANNING & DEVELOPMENT		4,529	2,206	–	24,258	19,258	19,258	5,278	5,766	6,302
INFRASTRUCTURE SERVICES		5,262	38,360	–	0	0	0	–	–	–
OPERATIONS & MATAINANCE		335,062	582,597	867,939	672,221	657,061	641,902	865,038	937,941	1,142,502
Total Revenue by Vote	2	1,004,495	1,354,976	1,611,278	1,634,299	1,505,890	1,505,890	1,607,288	1,776,021	2,077,264
Expenditure by Vote to be appropriated	1									
COUNCIL		17,250	20,077	98,188	23,394	23,394	23,394	14,267	15,822	17,510
COUNCIL SUPPORT		92,414	9,127	39,275	18,088	18,088	18,088	9,917	10,662	11,466
MUNICIPAL MANAGER		842	2,454	2,454	2,547	2,547	2,547	2,236	2,334	2,439
FINANCIAL SERVICES		117,401	564,088	61,290	194,737	372,119	381,051	201,620	216,461	234,022
STRATEGIC GOVERNANCE & CORPORATE SUPPORT		(21)	4,027	4,027	8,723	8,723	8,723	9,775	2,148	2,446
CORPORATE SUPPORT & CO-OPERATIVE GOVERNANCE		119,467	126,010	12,522	14,391	14,391	14,391	14,318	15,650	16,968
CORPORATE SERVICES		5,239	33,301	52,565	35,265	35,265	35,265	52,586	59,294	73,367
ECONOMIC DEVELOPMENT , TOURISM & TRADE		58,701	115,613	63,860	5,564	5,564	5,564	8,908	18,892	19,651
STRATEGIC SERVICE DELIVERY & UNITY		4,555	2,603	2,603	4,319	4,319	4,319	4,315	4,877	5,159

SUPPORT										
HUMAN & COMMUNITY DEVELOPMENT		211,597	219,283	271,278	303,177	302,527	301,876	367,921	402,083	474,271
MUNICIPAL PLANNING & DEVELOPMENT		–	–	41,315	36,447	36,447	36,447	33,858	41,927	40,929
INFRASTRUCTURE SERVICES		3,208	8,989	22,944	20,255	20,255	20,255	33,375	28,196	27,657
OPERATIONS & MAINTENANCE		1,320	1,657	711,256	501,584	649,085	640,804	837,651	937,104	1,124,907
Surplus/(Deficit) for the year	2	372,523	247,746	227,700	465,808	13,167	13,167	16,540	20,570	26,475

Explanatory notes Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.
2. This shows that some departments within the municipality are not revenue generating departments and therefore such departments will always have deficits where their expenditures exceed revenue, but the revenue generating departments will have revenue higher than the expenditure at department level which later contributes to the overall surplus of the municipality.

[illegible]

	5	177,826	187,439	335,642	277,674	302,777	302,777	302,777	183,690	189,775	195,763
Loss on disposal of PPE		–	–(37)	–							
Total Expenditure		631,972	1,107,191	1,383,578	1,168,491	1,492,723	1,492,723	1,492,723	1,590,748	1,755,452	2,050,790
Surplus/(Deficit)		44,841	(343,819)	(300,345)	19,861	(290,115)	(290,115)	(290,115)	(270,316)	(193,433)	(197,395)
Transfers recognised - capital		327,682	591,566	528,045	445,947	303,282	303,282	303,282	286,856	214,003	223,870
Contributions recognised – capital		–	–	–	–	–	–	–	–	–	–
Contributed assets											
Surplus/(Deficit) after capital transfers & contributions		372,523	247,746	227,700	465,808	13,167	13,167	13,167	16,540	20,570	26,475
Taxation											
Surplus/(Deficit) after taxation		372,523	247,746	227,700	465,808	13,167	13,167	13,167	16,540	20,570	26,475
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		372,523	247,746	227,700	465,808	13,167	13,167	13,167	16,540	20,570	26,475
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		372,523	247,746	227,700	465,808	13,167	13,167	13,167	16,540	20,570	26,475

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R1.3 billion in 2011/12 and escalates to R1.8 billion by 2013/14. This represents a year-on-year increase of 18 per cent for the 2012/13 financial year and 18.65 per cent for the 2013/14 financial year.
2. Revenue to be generated from Electricity rates is R525 million in the 2011/12 financial year and increases to R854 million by 2013/14 which represents 46 per cent of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality.
3. Charges relating to property rates, water, sanitation and refuse removal totals R328 Million for the 2011/12 financial year and increasing to R432 million by 2013/14. For the 2011/12 financial year charges amount to 24.9 per cent of the total revenue base and grow by 1.54 per cent per annum over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of electricity and water.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF by 8.92 per cent and 7.4 per cent for the two outer years. The percentage share of this revenue source declines due to the more rapid relative growth in service charge revenues.
5. The following graph illustrates the major expenditure items per type.

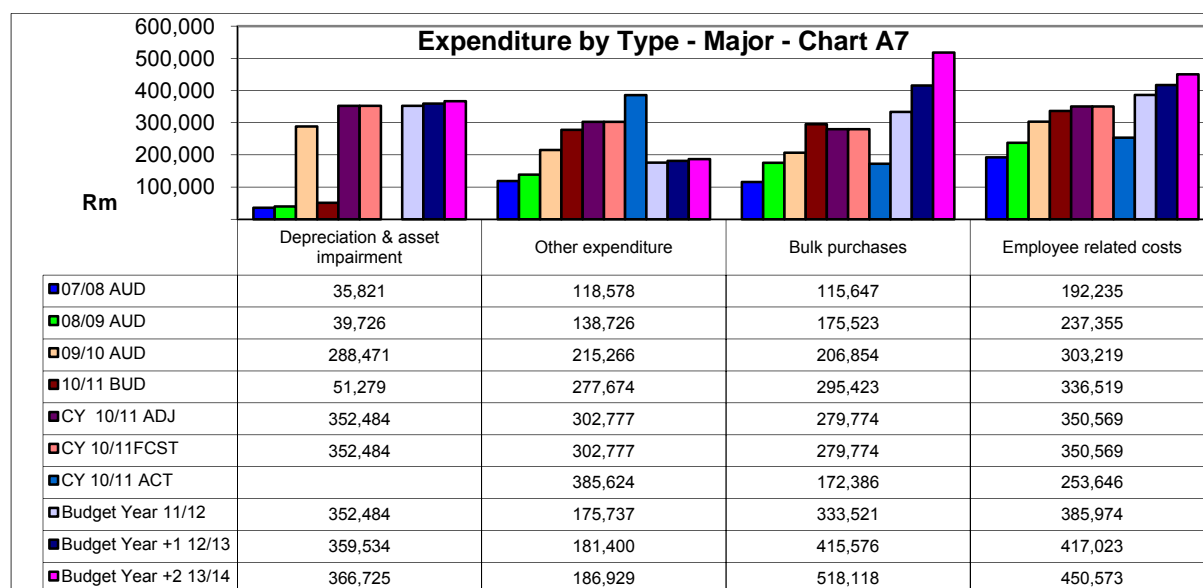


Figure 1 Expenditure by major type

6. Bulk purchases have increased over the 2007/08 to 2013/14 period escalating from R115 million to R175 million. The bulk purchase expenditure is mainly expenditure for bulk electricity purchase from Eskom which will be increase to R334 million due to an increase of 26.71 % by Eskom coming into effect from 01 July 2011.

7. The employees' remuneration cost will be R386 million in 2011/2012 financial year due to an increase by R44 million (13%) and expenditure to the total operating budget is 24%. The employees remuneration cost will increase to R451 million in 2013/2014 financial year and the expenditure to the total operating budget will be 22%. The employees' remuneration is fairly lower than the national norm of 30%, it is however causing a serious challenge to the municipality in executing its programmes and priorities ensuring the achievement of the service delivery objectives.

Included on the employees' remuneration is an allocation of R4.8 million over the medium-term for the recruitment of young qualified and inexperience graduates, diplomats and artisans on a learnership programme in order to close the gap of shortage of qualified and skilled employees in the municipality, especially in the field of engineering, property valuation, environmental management and town planning.

8. The depreciation of assets has increased drastically by 578% when compared to 2009/2010 financial year. The increase on the depreciation is due to the completion of the projects undertaken during 2009/2010 financial year to update the municipal asset register. The depreciation cost has a huge impact on the tariffs for property rates and services charge, therefore to ensure the ratepayers and consumers of services are not burden in one financial year

with the huge increase; the depreciation cost has been factored on the tariffs over a period of six years. The impact of the depreciation will be an average of 2.5% on the tariffs.

9. A total of R157 million has been allocated during the 2011/2012 financial year for repairs and maintenance of the municipal infrastructure and assets. The budget on repairs and maintenance has increased by 14% when it is compared to the R138 million in 2010/2011 financial year. This high increase in depreciation due the update of the asset register will force the municipality to budget for a deficit in the statement of financial performance where depreciation amount to 22% of the total operating budget, but the municipality has a strategy to get rid of the deficit in the next three to five years.

Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Vote Description R thousand	Ref	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Capital expenditure - Vote Multi-year expenditure to be appropriated	2										
COUNCIL		—	—	474	—	—	—	—	—	—	—
MUNICIPAL MANAGER		266	—	1,693	—	—	—	—	—	—	—
FINANCIAL SERVICES CORPORATE SUPPORT & CO-OPERATIVE GOVERNANCE		584	497	697	13,058	11,595	11,595	11,595	5,200	8,200	9,500
CORPORATE SERVICES ECONOMIC DEVELOPMENT, TOURISM & TRADE		—	—	—	8,076	—	—	—	—	—	—
STRATEGIC SERVICE DELIVERY & UNITY SUPPORT		—	958	2,001	9,222	2,899	2,899	2,899	14,550	16,350	21,000
HUMAN & COMMUNITY DEVELOPMENT		3,008	—	33,318	4,782	4,782	4,782	4,782	9,500	29,800	19,950
MUNICIPAL PLANNING & DEVELOPMENT		—	—	—	—	—	—	—	750	3,750	7,700
INFRASTRUCTURE SERVICES OPERATIONS & MAINTENANCE		9,879	21,679	123,945	41,000	53,062	53,062	53,062	34,150	47,350	58,350
		—	13,369	63	345	—	—	—	221,347	255,477	247,912
		319,243	592,426	566,114	615,905	573,463	573,463	573,463	136,684	105,446	165,042
		48,295	81,552	125,074	14,896	10,481	10,481	10,481	—	—	—
Capital multi-year expenditure sub-total Single-year expenditure to be appropriated	7	381,275	710,483	853,380	707,284	656,282	656,282	656,282	422,181	466,373	529,453
FINANCIAL SERVICES	2	—	—	—	—	—	—	—	1,350	500	—
CORPORATE SERVICES ECONOMIC DEVELOPMENT, TOURISM & TRADE		—	—	—	—	—	—	—	3,480	375	—
STRATEGIC SERVICE DELIVERY & UNITY SUPPORT		—	—	—	—	—	—	—	1,150	—	—
HUMAN & COMMUNITY		—	—	—	—	—	—	—	4,450	4,550	5,559

DEVELOPMENT		-	-	-	-	-	-	-	350	3,250	8,451
INFRASTRUCTURE SERVICES		-	-	-	-	-	-	-	14,462	21,160	47,170
Capital single-year expenditure sub-total		-	-	-	-	-	-	-	25,242	29,835	61,179
Total Capital Expenditure - Vote		381,275	710,483	853,380	707,284	656,282	656,282	656,282	447,423	496,208	590,633

Capital Expenditure - Standard											
Governance and administration		269,649	534,062	520,529	23,509	23,509	23,509	23,509	36,750	57,225	47,050
Executive and council		269,065	519,327	501,074	–	–	–	–			
Budget and treasury office		584	14,735	19,455	13,058	13,058	13,058	13,058	15,700	34,050	21,600
Corporate services		–	–	–	10,451	10,451	10,451	10,451	21,050	23,175	25,450
Community and public safety		6,970	14,479	23,444	63,334	63,334	63,334	63,334	59,500	36,100	42,601
Community and social services		4,293	1,658	3,005	59,060	59,060	59,060	59,060	14,500	16,100	22,601
Sport and recreation		–	433	785	–	–	–	–	–	–	–
Public safety		2,677	12,388	19,654	4,274	4,274	4,274	4,274	45,000	20,000	20,000
Economic and environmental services		45,758	36,789	79,928	179,987	146,987	146,987	146,987	109,173	147,915	219,461
Planning and development		6,723	–	13,248	24,132	24,132	24,132	24,132	19,500	17,000	12,700
Road transport		39,035	36,789	66,680	155,855	122,855	122,855	122,855	89,673	130,915	206,761
Trading services		58,898	125,153	229,479	440,454	422,452	422,452	422,452	242,000	254,968	281,521
Electricity		11,410	35,959	65,176	164,634	157,150	157,150	157,150	73,169	70,200	78,500
Water		31,631	65,433	118,598	174,669	164,151	164,151	164,151	86,238	110,618	95,448
Waste water management		12,949	16,119	29,216	73,082	73,082	73,082	73,082	65,993	47,650	63,373
Waste management		2,908	7,641	16,489	28,070	28,070	28,070	28,070	16,600	26,500	44,200
Other											
Total Capital Expenditure – Standard	3	381,275	710,483	853,380	707,284	656,282	656,282	656,282	447,423	496,208	590,632
Funded by:											
National Government		327,682	591,215	578,563	264,058	311,456	311,456	311,456	245,315	250,123	293,087
Provincial Government			–	6,000	–	–	–	–	–	–	–
District Municipality			–	–	–	–	–	–	–	–	–
Other transfers and grants		–	–		56,187	10,085	10,085	10,085	–	–	–
Transfers recognised – capital	4	327,682	591,215	584,563	320,246	321,542	321,542	321,542	245,315	250,123	293,087
Public contributions & donations	5			15,593	8,420	16,570	16,570	16,570	8,200	14,300	13,259
Borrowing Internally generated funds	6	19,326	22,252	130,940	121,708	122,421	122,421	122,421	50,339	35,600	48,600
		34,267	97,016	122,284	256,911	195,750	195,750	195,750	143,569	196,185	235,686
Total Capital Funding	7	381,275	710,483	853,380	707,284	656,282	656,282	656,282	447,423	496,208	590,632

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2011/12 R422 million has been allocated of the total R447 million capital budget, which totals 94 per cent. This allocation escalates to R496 million in 2012/12 and R590 million in 2013/14.
3. Single-year capital expenditure has been appropriated at R25 million for the 2011/12 financial year R29 million and R61 million respectively for the two outer years.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
5. The capital programme is funded from capital and provincial grants and transfers, public contributions and donations, borrowing and internally generated funds the availability of internal reserves will depend largely on collection of outstanding debts which has been projected at 36% on average per annum over the medium term. For 2011/12, capital transfers totals R286 million and decrease to R214 (-25 per cent) million by 2012/13 and increase again to R223 million(4.61 per cent) by 2013/14. Borrowing has been provided at R50 million, R35 million and R48 million over the MTREF with internally generated funding totaling R143 million, R196 million and R235 million for each of the respective financial years of the MTREF.

Table A6 - Budgeted Financial Position

Description R thousand	R e f	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
ASSETS											
Current assets											
Cash		426,796	567,212	25,864	155,511	62,773	62,773	62,773	103,757	185,726	291,606
Call investment deposits	1	–	–	–	–	–	–	–	–	–	–
Consumer debtors	1	51,029	45,290	53,256	26,472	54,268	54,268	54,268	54,268	54,268	54,268
Other debtors		41,010	21,341	182,987	43,867	120,288	120,288	120,288	106,932	113,348	120,149
Current portion of long-term receivables		–	–	–	–	–	–	–	–	–	–
Inventory	2	13,406	13,758	14,564	15,211	14,851	14,851	14,851	14,851	15,742	16,687
Total current assets		532,240	647,603	276,673	241,061	252,180	252,180	252,180	279,808	369,084	482,709
Non current assets											
Long-term receivables		915	974,883	1,413,601	–	1,418	1,418	1,418	–	–	–
Investments		17,684	20,017	11,741	12,500	12,088	12,088	12,088	12,088	12,813	13,582
Investment property		–	351,610	348,675	–	347,208	347,208	347,208	347,208	347,208	347,208
Investment in Associate		–	–	–	–	–	–	–	–	–	–
Property, plant and equipment	3	1,254,204	5,583,104	6,148,909	6,797,175	6,122,532	6,122,532	6,122,532	6,238,513	6,629,222	7,131,067
Agricultural		–	–	–	–	–	–	–	–	–	–
Biological		–	94,770	78,975	–	71	71	71	–	–	–
Intangible		–	2,988	3,296	5,256	5,801	5,801	5,801	5,801	–	–
Other non-current assets		–	–	–	–	–	–	–	–	–	–
Total non current assets		1,272,804	5,958,791	6,514,116	6,814,931	6,489,118	6,489,118	6,489,118	6,603,610	6,989,243	7,491,857
TOTAL ASSETS		1,805,044	6,606,394	6,790,788	7,055,993	6,741,298	6,741,298	6,741,298	6,883,417	7,358,327	7,974,566
LIABILITIES											
Current liabilities											
Bank overdraft	1	–	–	82,045	57,000	44,235	44,235	44,235	–	–	–
Borrowing	4	9,590	7,789	21,861	4,816	19,172	19,172	19,172	40,772	43,219	46,676
Consumer deposits		5,568	1,642	1,859	1,734	1,860	1,860	1,860	1,860	1,971	2,090
Trade and other payables	4	381,442	592,796	461,669	87,876	207,453	207,453	207,453	133,500	141,510	150,001
Provisions		–	1,994	2,063	51,279	2,233	2,233	2,233	–	–	–
Total current liabilities		396,600	604,221	569,498	202,705	274,954	274,954	274,954	176,132	186,700	198,767
Non current liabilities											
Borrowing		76,414	67,817	46,283	263,672	160,379	160,379	160,379	164,366	191,228	208,501
Provisions		–	84,011	96,963	–	104,049	104,049	104,049	23,363	24,234	26,572
Total non current liabilities		76,414	151,827	143,246	263,672	264,428	264,428	264,428	187,729	215,462	235,073
TOTAL LIABILITIES		473,014	756,049	712,744	466,378	539,381	539,381	539,381	363,861	402,162	433,840

NET ASSETS	5	1,332,030	5,850,345	6,078,044	6,589,615	6,201,916	6,201,916	6,201,916	6,519,556	6,956,165	7,540,726
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		227 329	5,850,345	6,078,044	6,589,615	6,201,916	6,201,916	6,201,916	6,519,556	6,956,165	7,540,726
Reserves	4	1,104,701	–	–	–	–	–	–	–	–	–
Minorities' interests											
TOTAL COMMUNITY WEALTH/EQUITY	5	1,332,030	5,850,345	6,078,044	6,589,615	6,201,916	6,201,916	6,201,916	6,519,556	6,956,165	7,540,726

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table SA3 is supported by an extensive table of notes providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.

Table A7 - Budgeted Cash Flow Statement

Description R thousand	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Ratepayers and other	748,172	1,138,964	155,135	1,120,478	990,294	990,294	990,294	1,077,050	1,278,630	1,528,623
Government - operating	161,951	179,798	397,738	281,291	312,919	312,919	312,919	298,622	325,248	349,331
Government - capital	327,682	591,566	528,045	274,970	285,984	285,984	285,984	234,065	236,003	253,870
Interest	30,122	72,078	37,155	11,574	2,900	2,900	2,900	9,611	10,272	10,998
Payments										
Suppliers and employees	(562,780)	(674,666)	(877,424)	(1,174,287)	(1,150,659)	(1,150,659)	(1,150,659)	(1,146,068)	(1,279,293)	(1,437,100)
Finance charges	(10,885)	(11,517)	(12,970)	(23,187)	(15,064)	(15,064)	(15,064)	(23,877)	(37,877)	(38,635)
NET CASH FROM/(USED) OPERATING ACTIVITIES	694,261	1,296,223	227,678	490,839	426,373	426,373	426,373	449,403	532,982	667,088
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE	1,795	–	–	15,400	6,290	6,290	6,290	–	–	–
Decrease (Increase) in non-current debtors	5,475	–	–	–	–	–	–	–	–	–
Decrease (increase) other non-current receivables	–	(59)	(439)	–	–	–	–	–	–	–
Decrease (increase) in non-current investments	(2,540)	(2,333)	8,276	–	–	–	–	–	–	–
Payments										
Capital assets	(381,275)	(1,143,600)	(851,395)	(578,495)	(440,705)	(440,705)	(440,705)	(468,465)	(498,872)	(618,515)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(376,545)	(1,145,993)	(843,558)	(563,095)	(434,415)	(434,415)	(434,415)	(468,465)	(498,872)	(618,515)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans	–	–	–	57,000	57,000	57,000	57,000	–	–	–
Borrowing long term/refinancing	–	884	272	200,000	170,000	170,000	170,000	50,000	70,000	80,000
Increase (decrease) in consumer deposits	1,140	–	–	–	–	–	–	–	–	–
Payments										
Repayment of borrowing	(9,573)	(10,699)	(7,786)	(68,360)	(68,360)	(68,360)	(68,360)	(21,600)	(22,140)	(22,694)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(8,433)	(9,814)	(7,514)	188,640	158,640	158,640	158,640	28,400	47,860	57,307
NET INCREASE/ (DECREASE) IN CASH HELD	175,439	140,417	(623,393)	116,385	150,599	150,599	150,599	9,338	81,969	105,880
Cash/cash equivalents at the year begin:	251,357	426,796	567,766	(55,627)	(56,181)	(56,181)	(56,181)	94,419	103,757	185,726
Cash/cash equivalents at the year end:	426,796	567,766	(55,627)	60,758	94,418	94,418	94,418	103,757	185,726	291,606

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash levels of the Municipality fell during the 2009/ 2010 by R623 million but since gained a positive cash position of R105 million by 2013/2014.
4. The 2011/12 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
5. Cash and cash equivalents totals R103 million as at the end of the 2011/12 financial year and escalates to R291 million by 2013/14.

Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Description R thousand	R e f	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Cash and investments available											
Cash/cash equivalents at the year end	1	309,283	450,253	(173,140)	203,596	94,418	94,418	94,418	103,757	185,726	291,606
Other current investments > 90 days		117,513	116,960	116,960	(105,085)	(75,880)	(75,880)	(75,880)	–	–	–
Non current assets – Investments	1	17,684	20,017	11,742	12,500	12,088	12,088	12,088	12,088	12,813	13,582
Cash and investments available:		444,480	587,230	(44,439)	111,011	30,626	30,626	30,626	115,845	198,539	305,188
Application of cash and investments											
Unspent conditional transfers		235,056	414,185	141,285	–	–	–	–	–	–	–
Unspent borrowing											
Statutory requirements	2	21,260	2,668								
Other working capital requirements	3	265,422	511,373	268,584	14,986	27,131	27,131	27,131	(27,528)	(29,224)	(26,395)
Other provisions											
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		521,738	928,225	409,869	14,986	27,131	27,131	27,131	(27,528)	(29,224)	(26,395)
Surplus(shortfall)		(77,258)	(340,995)	(454,307)	96,024	3,495	3,495	3,495	143,373	227,763	331,583

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the table it can be seen that for the period 2007/08 to 2009/10 the deficit deteriorated from R77 million to R454 million.
6. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2010/11 MTREF was not funded owing to the significant deficit.
7. As part of the budgeting and planning guidelines that informed the compilation of the 2011/12 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.
8. As can be seen the budget has been modelled to progressively move from a deficit of R454 million in 2009/2010 to a surplus of R331 million by 2013/14.

Table A9 - Asset Management

Description R thousand	R e f	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
CAPITAL EXPENDITURE										
Total New Assets	1	381,275	710,834	853,380	448,177	428,177	428,177	235,925	264,304	291,629
Infrastructure - Road transport		40,542	46,677	189,223	127,731	112,731	112,731	32,215	23,900	57,956
Infrastructure - Electricity		12,304	65,741	65,741	131,924	126,924	126,924	31,239	28,200	22,300
Infrastructure - Water		40,036	28,902	28,902	84,448	84,448	84,448	44,041	72,604	49,572
Infrastructure - Sanitation		15,102	16,956	16,956	38,716	38,716	38,716	30,000	39,000	51,000
Infrastructure - Other		10,314	60,990	60,990	43,428	43,428	43,428	12,400	20,950	21,900
Infrastructure		118,297	219,266	361,812	426,248	406,248	406,248	149,895	184,654	202,728
Community		245,769	440,760	440,760	11,986	11,986	11,986	12,500	7,000	5,500
Other assets	6	17,209	50,807	50,807	3,949	3,949	3,949	73,030	71,150	80,401
Intangibles		–	–	–	5,995	5,995	5,995	500	1,500	3,000
Total Renewal of Existing Assets	2	–	–	–	259,107	228,105	107,754	211,498	231,904	298,734
Infrastructure - Road transport		–	–	–	91,979	168,740	48,390	48,390	56,049	78,500
Infrastructure - Electricity		–	–	–	57,821	36,173	36,173	34,300	45,900	54,100
Infrastructure - Water		–	–	–	87,995	4,440	4,440	48,231	52,574	54,675
Infrastructure - Sanitation		–	–	–	9,716	7,156	7,156	9,500	1,050	2,373
Infrastructure - Other		–	–	–	4,440	4,440	4,440	29,077	21,806	42,700
Infrastructure	-	–	–	–	251,952	220,949	100,599	169,498	177,379	232,347
Community	-	–	–	–	7,156	7,156	7,156	10,700	12,000	12,000
Other assets	6	–	–	–	–	–	–	31,300	42,525	54,387
Total Capital Expenditure	4									
Infrastructure - Road transport		40,542	46,677	189,223	219,711	281,472	161,121	80,605	79,949	136,456
Infrastructure - Electricity		12,304	65,741	65,741	189,745	163,097	163,097	65,539	74,100	76,400
Infrastructure - Water		40,036	28,902	28,902	172,443	88,888	88,888	92,272	125,178	104,247
Infrastructure - Sanitation		15,102	16,956	16,956	48,432	45,872	45,872	39,500	40,050	53,373
Infrastructure - Other		10,314	60,990	60,990	47,868	47,868	47,868	41,477	42,756	64,600
Infrastructure		118,297	219,266	361,812	678,199	627,197	506,847	319,393	362,033	435,075
Community		245,769	440,760	440,760	19,142	19,142	19,142	23,200	19,000	17,500
Other assets		17,209	50,807	50,807	3,949	3,949	3,949	104,330	113,675	134,787
Intangibles		–	–	–	5,995	5,995	5,995	500	1,500	3,000

TOTAL CAPITAL EXPENDITURE - Asset class	2	381,275	710,834	853,380	707,284	656,282	535,932	447,423	496,208	590,362
ASSET REGISTER SUMMARY - PPE (WDV)	5									
Infrastructure - Road transport		235,086	3,762,476	4,138,724	4,159,171	3,387,007	3,387,007	3,479,520	3,219,280	3,380,131
Infrastructure - Electricity		50,311	118,637	130,501	669,803	669,803	669,803	636,783	955,174	1,050,692
Infrastructure - Water		315,502	344,005	385,908	444,318	1,013,558	1,013,558	964,914	947,371	1,042,108
Infrastructure - Sanitation		69,930	188,570	207,427	263,481	666,189	666,189	732,808	1,017,611	1,119,373
Infrastructure - Other		95,434	165,537	182,091	27,273	51,928	51,928	57,121	85,682	94,250
Infrastructure		766,264	4,579,225	5,044,650	5,564,046	5,788,486	5,788,486	5,871,147	6,225,119	6,686,554
Community		456,347	934,473	1,027,920	1,130,712	231,628	231,628	254,791	280,270	308,297
Heritage assets		78	77	77	77	77	77			
Investment properties		–	351,611	348,676	–	347,208	347,208	347,208	347,208	347,208
Other assets		31,515	69,330	76,263	102,341	102,341	102,341	112,575	123,833	136,216
Biological assets		–	95	79	–	71	71	–	–	–
Intangibles		–	2,989	3,296	5,256	5,801	5,801	5,801	–	–
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	1,254,204	5,937,799	6,500,960	6,802,431	6,475,612	6,475,612	6,591,522	6,976,430	7,478,275
EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment		35,821	282,854	288,471	51,279	352,484	352,484	352,484	359,534	366,725
Repairs and Maintenance by Asset Class	3	64,672	90,259	120,375	113,202	162,313	162,313	148,069	155,917	164,492
Infrastructure - Road transport		25,834	32,634	56,519	48,329	69,359	69,359	63,393	77,617	83,004
Infrastructure - Electricity		17,958	25,738	27,706	13,578	21,380	21,380	22,614	22,905	24,050
Infrastructure - Water		7,435	13,791	13,452	10,676	23,846	23,846	18,245	10,676	11,711
Infrastructure - Sanitation		8,255	11,587	12,453	10,254	12,514	12,514	13,452	14,354	15,363
Infrastructure - Other		5,191	6,509	10,245	30,365	35,214	35,214	30,365	30,365	30,365
Infrastructure	6	64,672	90,259	120,375	113,202	162,313	162,313	148,069	155,917	164,492
Other assets	7	–	–	–	–	–	–	–	–	–
TOTAL EXPENDITURE OTHER ITEMS		100,493	373,113	408,847	164,481	514,798	514,798	500,554	515,451	531,217
% of capital exp on renewal of assets		0.0%	0.0%	0.0%	57.8%	53.3%	25.2%	89.6%	87.7%	102.4%
Renewal of Existing Assets as % of deprecn"		0.0%	0.0%	0.0%	505.3%	64.7%	30.6%	60.0%	64.5%	81.5%
R&M as a % of PPE		5.2%	1.6%	2.0%	1.7%	2.7%	2.7%	2.4%	2.4%	2.3%
Renewal and R&M as a % of PPE		5.0%	2.0%	2.0%	5.0%	6.0%	4.0%	5.0%	6.0%	6.0%

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. For the 2011/12 financial year, 95 per cent or R141,018 million of total repairs and maintenance will be spent on infrastructure assets. Roads infrastructure has received a significant proportion of this allocation totalling 42.81 per cent (R63 million), followed by infrastructure other totalling 18.13 per cent (R26,839 million), Electricity at 19 per cent (R22,904 million) and sanitation at 6.7 per cent (R9,927 million). Community assets has been allocated R3,524 million of total repairs and maintenance equating to 2.38 per cent.
3. The following graph provides an analysis between depreciation and operational repairs and maintenance over the MTREF. It highlights the Municipality's strategy to address the maintenance backlog.

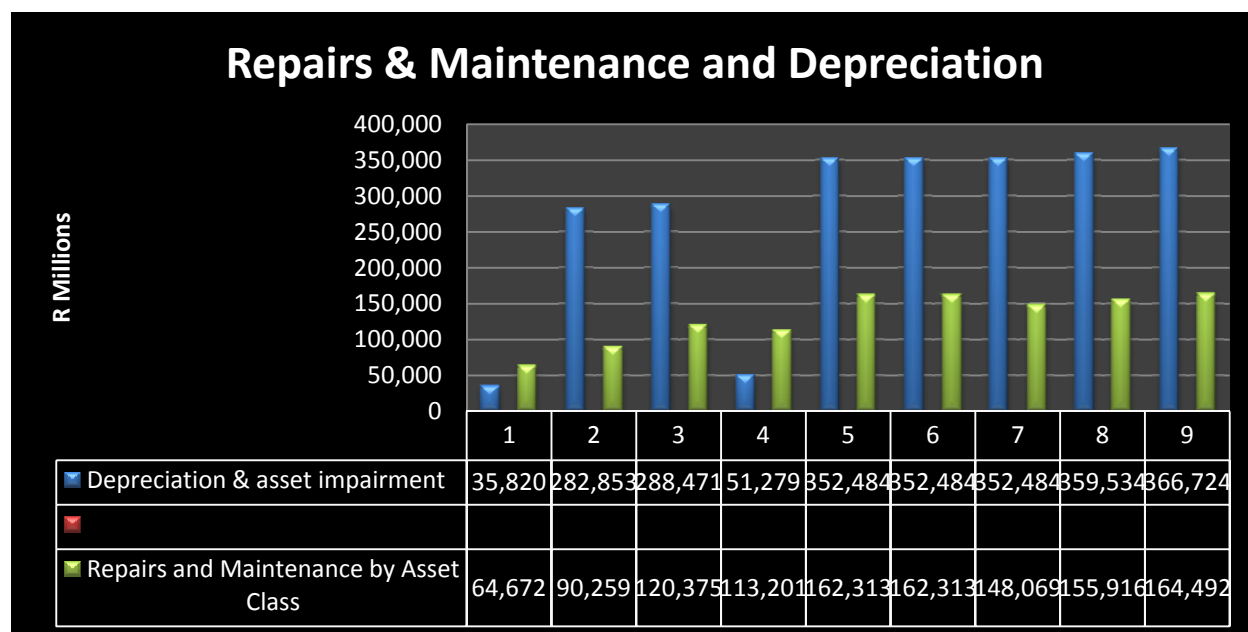


Table A10 - Basic Service Delivery Measurement

Description	R ef	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
		Outcom e	Outcom e	Outcom e	Original Budget	Adjuste d Budget	Full Year Forecas t	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Household service targets (000)	1									
<u>Water:</u>										
Piped water inside dwelling		51	58	58	65	65	65	69	69	69
Piped water inside yard (but not in dwelling)		63	68	68	78	78	78	83	83	83
Using public tap (at least min.service level)	2	43	47	47	54	54	54			
Other water supply (at least min.service level)	4	7	6	6	7	7	7			
<i>Minimum Service Level and Above sub-total</i>		164	180	180	204	204	204	152	152	152
Using public tap (< min.service level)	3	43	47	47	54	54	54	54	54	54
Other water supply (< min.service level)	4	–	–	–	–	–	–	–	–	–
No water supply		1	1	1	1	1	1	1	1	1
<i>Below Minimum Service Level sub-total</i>		44	48	48	54	54	54	54	54	54
Total number of households	5	208	227	227	258	258	258	206	206	206
<u>Sanitation/sewerage:</u>										
Flush toilet (connected to sewerage)		51	59	59	74	74	74	74	74	74
Flush toilet (with septic tank)		4	4	4	1	1	1	1	1	1
Chemical toilet		6	7	7	8	8	8	8	8	8
Pit toilet (ventilated)		92	99	99	111	111	111	111	111	111
Other toilet provisions (> min.service level)		–	–	–	–	–	–	–	–	–
<i>Minimum Service Level and Above sub-total</i>		153	170	170	194	194	194	194	194	194
Bucket toilet		–	–	–	–	–	–	–	–	–
Other toilet provisions (< min.service level)		18	20	20	22	22	22	22	22	22
No toilet provisions		12	11	11	11	11	11	11	11	11
<i>Below Minimum Service Level sub-total</i>		30	31	31	33	33	33	33	33	33
Total number of households	5	183	201	201	227	227	227	227	227	227
<u>Energy:</u>										
Electricity (at least min.service level)		5	5	5	7	7	7	7	7	7
Electricity - prepaid (min.service level)		0	0	0	0	0	0	0	0	0
<i>Minimum Service Level and Above sub-total</i>		6	6	6	7	7	7	7	7	7
<i>Below Minimum Service Level sub-total</i>		–	–	–	–	–	–	–	–	–
Total number of households	5	6	6	6	7	7	7	7	7	7
<u>Refuse:</u>										
Removed at least once a week		59	67		99	99	99			
<i>Minimum Service Level and Above sub-total</i>		59	67	–	99	99	99	–	–	–
Removed less frequently than once a week		9	10	10	15	15	15	15	15	15
Using communal refuse dump		–	2	2	7	7	7	7	7	7

Using own refuse dump		4	5	5	6	6	6	6	6	6
No rubbish disposal		5	5	5	8	8	8	8	8	8
<i>Below Minimum Service Level sub-total</i>		18	22	22	36	36	36	36	36	36
Total number of households	5	77	88	22	135	135	135	36	36	36
<u>Households receiving Free Basic Service</u>	7									
Water (6 kilolitres per household per month)		176	190	190	237	237	237	237	237	237
Sanitation (free minimum level service)		176	190	190	237	237	237	237	237	237
Electricity/other energy (50kwh per household per month)		4	6	6	9	9	9	9	9	9
Refuse (removed at least once a week)		1	1	1	2	2	2	2	2	2
Water (6 kilolitres per household per month)		389	425	21,778	32,198	32,198	32,198	35,418	39,314	43,245
Electricity/other energy (50kwh per household per month)		698	1,245	4,500	5,355	5,355	5,355	6,785	8,278	10,099
Refuse (removed once a week)				1,535	1,627	1,627	1,627	1,789	1,968	2,185
Total cost of FBS provided (minimum social package)		1,088	1,670	27,813	39,180	39,180	39,180	43,992	49,560	55,529
<u>Highest level of free service provided</u>										
Property rates (R value threshold)		–	–		80,000	80,000	80,000	80,000	80,000	80,000
Water (kilolitres per household per month)		6	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)		6	6	6	6	6	6	6	6	6
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)		50	50	50	50	50	50	50	50	50
Refuse (average litres per week)										
<u>Revenue cost of free services provided (R'000)</u>	9									
Property rates (R15 000 threshold rebate)		–	–	3,019	3,019	3,019	3,019	3,373	3,205	3,044
Property rates (other exemptions, reductions and rebates)		–	–	77,651	77,651	77,651	77,651	86,589	82,260	78,147
Water		17,981	19,482	32,198	32,198	32,198	32,198	35,418	35,418	35,418
Sanitation		389	425	581	581	581	581	616	616	616
Electricity/other energy		855	1,077	5,355	5,355	5,355	5,355			
Refuse		698	1,245	1,627	1,627	1,627	1,627			
Municipal Housing - rental rebates										
Total revenue cost of free services provided (total social package)		19,924	22,230	120,431	120,431	120,431	120,431	125,996	121,498	117,225

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. It is anticipated that these Free Basic Services will cost the municipality R45 million in 2011/12, increasing to R55 million in 2013/14. This is covered by the municipality's equitable share allocation from national government.
2. In addition to the Free Basic Services, the Municipality also 'gives' households R125 million in free services in 2011/12, and it decreases to R117 million in 2013/14. This 'tax expenditure' needs to

be seen within the context of the municipality's overall revenue management strategy – the more the municipality gives away, the less there is available to fund other services.

Part 2 – Supporting Documentation

1.8 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aims of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

1.8.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2010) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on 25 August 2010. Key dates applicable to the process were:

- **Planning Phase**

The Mayor tabled in Council the required the IDP and budget time schedule on 05 September 2010 Resolution (A26) The following process was followed during the review of MLM IDP and Budget for 2010/2011.

- **Analysis Phase**

Community based Planning (CBP) meetings took place during October 2010 until January 2011. The main aim of the meetings was to give the communities an opportunity to raise priorities issues that need to be addressed with the 2011/2012 financial year.

- **Strategy Phase**

24 – 25 February 2011: Joint strategic planning session of the Mayoral committee and Executive Management was held and it was agreed that they should integrate the IDP process and the Sakha iMbombela turnaround strategy to fulfil the municipality's vision, taking into consideration five Key Performance Areas of the municipality, which are Basic Services, Local Economic Development, Institutional Development & Transformation, Financial Viability and Management and Good Governance & Public Participation.

- **Project Phase**

17 March 2011: The municipality also held an internal Lekgotla on 17 March 2011, with internal Departments and MMCs to prioritise projects as per the availability of budget. It was agreed that the 2011/12 budget is going to be determined by the top 7 community priorities as which are Water, Electricity, Road and Storm water, Sanitation, Community facilities, Waste Management, Local Economic Development and Rural Development.

- **Integration Phase**

The municipality has integrated its capital projects as informed by the vision, objectives and strategies developed and resources available. In addressing the notion of duplication and operating in silos, the municipality has included projects from the district municipality, sector departments and Eskom. The municipality is also in the process of developing and reviewing its sector plans.

These among others, include Spatial Development Framework, Local Economic Development Strategy, Comprehensive Infrastructure Plan and Disaster Management that will assist the municipality in achieving its vision

- **Approval Phase**

30 March 2011: The draft IDP and Budget for 2011/12 was adopted by Council on 30 March 2011, Resolution: A (22). The document was advertised on the Lowvelder Newspaper dated 5 April 2011 and Mpumalanga News dated 7 April 2011. Moreover, it was placed in the municipal website and in all the municipal service centres i.e Nelspruit Civic Centre, White River Civic Centre, Hazyview Civic Centre, Kabokweni Civic Centre, Kanyamazane Civic Centre and Matsulu Civic Centre.

1.8.2 IDP and Service Delivery and Budget Implementation Plan

It started in September 2010 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2011/12 MTREF in August.

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;

- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2011/12 MTREF, based on the approved 2010/11 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2011/12 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2010/11 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

1.8.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2011/12 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2011/12 MTREF:

- Municipality's growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2010/11 adjustments budget and performance against the SDBIP
- Cash Flow Management
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 51 and 54 and 55 has been taken into consideration in the planning and prioritisation process.

1.8.4 Community Consultation

Chapter 4 of the MSA states that municipalities must develop a culture of municipal governance that complements formal representative government with a system of participatory governance, and must encourage, and create conditions for the local community to participate in the affairs of the municipality including the preparation, implementation and review of its IDP, Budget and Performance Management System. It furthermore states that participation by the local community must take place through Political Structures, Ward Committees and Councillors. In compliance to this, MLM has adopted Public participation policy, Community Based Planning policy and policy on Ward

Committees and participation.

The participation of communities is driven through a Ward Committee System managed by the Public Participation Unit in the Office of the Speaker and the IDP Representative Forum. The central role of Ward Committees is to facilitate local community participation in decisions which affect the local community, to articulate local community interests and to represent these interests within the municipal governing structures. MLM's public participation process comprises of registration of ward needs, specific Ward Imbizo (s) and participation sessions and comments on the IDP.

Key to the participation process is a Needs Database developed per ward and managed by the Office of the Executive Mayor and Municipal Manager through the Corporate Strategy (IDP Unit). This database comprises of an inventory of development issues and needs recorded in each of the wards in Mbombela over a number of years. This Needs Database serves as the basis for community consultation and participation in the municipality and as inputs to the Departmental Business Planning process. During each annual IDP review process, Ward Committees and Ward Councillors are given an opportunity to update the priority issues and needs for their specific ward areas. This process takes place at the beginning of the revision process. The updated Needs Database informs the business plan formulation process conducted by various line functional departments of the municipality.

The draft 2011/12 MTREF as tabled before Council on 31 March 2011 for community consultation was published on the municipality's website, and hard copies were made available at Service centre offices, municipal notice boards and various libraries.

All documents in the appropriate format (electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

There were no deviations from the key dates set out in the Budget Time Schedule tabled in Council.

1.9 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

National Priorities

The President on his 2011 State of the Nation Address mentioned five national priorities which should be embedded by all spheres of government on the planning and budgeting processes for the medium-term. The government has introduced the New Growth Plan that will guide the work of all spheres of government in achieving the goals relating these national priorities within the premise that the creation of decent work is at the centre of our economic policies.

The five national priorities are;

- (a) Creating decent jobs;
- (b) Improving the quality of education;
- (c) Enhancing health services;
- (d) Enhancing rural development and agrarian; and
- (e) Fight against crime and corruption.

In His address, the President has further declared 2011 as a year of job creation. The municipalities should align their programmes with the job creation imperative.

To achieve this national priority, municipalities are urged to when drafting 2011/2012 budgets to explore opportunities to mainstream labour intensive approaches to delivering services, and more particularly to participate fully in the EPWP. The municipality ought to focus on maximizing its contribution to job creation by;

- (a) Ensuring that service delivery and capital project use labour intensive methods wherever appropriate.
- (b) Ensuring that service providers use labour intensive approaches.
- (c) Supporting labour intensive LED projects.
- (d) Participating fully in the EPWP/National youth service plan NYDP.
- (e) Implementing interns programmes to provide young people with on-the-job training

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's seven strategic objectives for the 2011/12 MTREF and further planning refinements that have directly informed the compilation of the budget:

IDP Strategic Objectives

MLM development priority and objectives

IDP Development priority	IDP Development objective
Institutional development and transformation	<ul style="list-style-type: none"> To build strong sustainable governance and institutional structures and arrangements To redefine strategic macro leadership and coordination structures involving the local, district, provincial and national government
Infrastructure and sustainable services	<ul style="list-style-type: none"> To strengthen the delivery of basic services and ensure sustainable integrated human settlement supported by infrastructure development
Rural Development	<ul style="list-style-type: none"> To strengthen the delivery of basic services and ensure sustained integrated human settlement supported by infrastructure development To formulate a broad over-arching human capital and community development
Economic development	<ul style="list-style-type: none"> To initiate a strong and sustainable local/regional economic development potential and sustainable environmental management
Financial management and viability	<ul style="list-style-type: none"> To ensure legally sound financial viability and management
Human capital and community development	<ul style="list-style-type: none"> To formulate a broad over-arching human capital and community development

2010 Legacy and Flagship projects concept	<ul style="list-style-type: none"> • To initiate a strong and sustainable local/regional economic development potential and sustainable environmental management • To strengthen the delivery of basic services and ensure sustained integrated human settlement supported by infrastructure development • To formulate a broad over-arching human capital and community development • To build strong sustainable governance and institutional structures and arrangements • To redefine strategic macro leadership and coordination structures involving the local, district, provincial and national government
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In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the seven strategic objectives:

Alignment of MLM IDP priorities with National, Provincial and District Priorities

MILLENNIUM DEVELOPMENT GOALS	IDP PRIORITIES- MUNICIPAL RESPONSE
Develop a Global Partnership for Development	<ul style="list-style-type: none"> ➤ 2010 legacy and flagship projects ➤ Human capital and community development
Eradicate extreme poverty and hunger	<ul style="list-style-type: none"> ➤ Infrastructure & sustainable services ➤ Human capital and community development ➤ Economic development ➤ Rural development
Combat HIV/AIDS, malaria and other diseases	<ul style="list-style-type: none"> ➤ Human capital and community development ➤ 2010 legacy and flagship projects ➤ Economic development
Ensure environmental sustainability	<ul style="list-style-type: none"> ➤ 2010 legacy and flagship projects
Promote gender equality and empower women	<ul style="list-style-type: none"> ➤ Human capital and social development ➤ 2010 legacy and flagship projects
NATIONAL PRIORITIES	IDP PRIORITIES- MUNICIPAL RESPONSE
Corruption	<ul style="list-style-type: none"> ➤ 2010 legacy and flagship projects

Education	➤ Human capital and community development
Health	➤ 2010 legacy and flagship projects
The fight against crime	➤ 2010 legacy and flagship projects ➤ Rural development
Creation of decent work & sustainable livelihoods	➤ Economic development ➤ Infrastructure & sustainable services ➤ 2010 legacy and flagship projects ➤ Rural development
Rural development, food security & land reform	➤ Economic development ➤ Infrastructure & sustainable services ➤ Human capital and community development ➤ Rural development
PROVINCIAL PRIORITIES	IDP PRIORITIES- MUNICIPAL RESPONSE
Agriculture	➤ Human capital and community development ➤ Economic development ➤ Rural development
Skills	➤ Human capital and community development ➤ Institutional development & transformation ➤ Infrastructure & sustainable services
Economic growth & job creation	➤ Economic development ➤ 2010 legacy and flagship projects ➤ Rural development
Strategic infrastructure	➤ 2010 legacy and flagship projects ➤ Infrastructure & sustainable services
Tourism, Environment & Cultural Heritage	➤ Human capital & community development ➤ Flagship projects
Social cohesion	➤ Human capital and community development ➤ 2010 legacy and flagship projects
DISTRICT PRIORITIES	IDP PRIORITIES- MUNICIPAL RESPONSE
Basic service and infrastructure development	➤ Infrastructure & sustainable services
Local economic development	➤ Economic development ➤ 2010 legacy and flagship projects
Institutional transformation and development	➤ Institutional development and transformation ➤ 2010 legacy and flagship projects
Financial viability and management	➤ 2010 legacy and flagship projects ➤ Financial management and viability
Public participation and good governance	➤ Institutional development and transformation ➤ 2010 legacy and flagship projects

Traditional leaders	<ul style="list-style-type: none"> ➤ Human capital and community development ➤ 2010 legacy and flagship projects
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In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the seven strategic objectives mentioned above.

In addition to the five-year IDP, the municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the municipality so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the municipality's IDP, associated sectoral plans and strategies, and the allocation of resources of the municipality and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into six strategic focus areas/objectives as outlined below:

- To initiate a strong and sustainable Local/Regional Economic Development Potential and Sustainable Environmental Management
- To Strengthen the Delivery of Basic Services and ensure Sustained Integrated Human Settlement supported by Infrastructure Development
- To formulate a Broad Over-arching Human Capital and Community Development
- To build strong sustainable governance and institutional structures and arrangements
- To ensure legally sound financial viability and management
- To redefine strategic macro leadership and coordination structures involving the Local, District, Provincial and National Government

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the revision of the IDP, including:

- There was one standardized template used to collect information, where the communities identified their priorities, detailed problem statement and the specific section / village;
- During the consultation, communities were given an opportunity to identify key priority needs and suggest solutions;
- Diverse developmental needs in areas within each ward were noted during the Analysis phase
- Poor attendance in some wards during the consultation meetings has negative effects;
- Consultation with communities for their needs is not the analysis of needs; analysis requires further research, evaluation and a decision making process;

- The 2011/12 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

[illegible]

transfers and contributions)		1,004,495	1,354,976	1,611,278	1,634,299	1,505,890	1,505,890	1,607,288	1,776,021	2,077,264
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Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

Strategic Objective	Goal	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand										
To initiate a strong and sustainable Local/Regional Economic Development Potential and sustainable Environmental Management To strengthen the Delivery of Basic Services and ensure sustained Intergrated Human Settlement supported by Infrastructure Development To formulate a Broad Over-arching Human Capital and Community Development To build strong sustainable governance and institutional structures and arrangements To ensure legally sound Financial viability and Management	Economic Developme nt	12,054	23,653	41,315	4,291	4,699	4,699	52,586	59,294	73,367
	Infrastructu re & sustainable services	269,654	420,185	734,200	496,996	701,777	701,777	837,651	937,104	1,124,907
	Human capital & community developme nt	181,373	219,886	253,193	303,177	352,090	352,090	367,921	402,083	474,271
	Institutional developme nt & transformat ion	133,937	317,383	293,580	178,756	230,436	230,436	130,970	140,510	144,224
	Financial manageme nt & viability	34,953	126,122	61,290	185,271	203,720	203,720	201,620	216,461	234,022
		631,972	1,107,228	1,383,578	1,168,491	1,492,723	1,492,723	1,590,748	1,755,452	2,050,790

Table SA7 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

Strategic Objective R thousand	Goal	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
To initiate a strong and sustainable Local/Regional Economic Development Potential and sustainable Environmental Management	Economic Development	1,168	13,058	19,884	34,336	83,902	83,902	29,250	43,050	25,300
To strengthen the Delivery of Basic Services and ensure sustained Intergrated Human Settlement supported by Infrastructure Development	Infrastructure & sustainable services	369,869	685,540	788,083	634,724	568,379	568,379	390,893	423,333	532,232
To formulate a Broad Over-arching Human Capital and Community Development	Human capital & community development	9,660	10,786	43,286	17,799	–	–	600	400	600
To build strong sustainable governance and institutional structures and arrangements	Institutional development & transformation	–	868	1,786	20,418	4,000	4,000	19,130	19,425	21,500
To ensure legally sound Financial viability and Management	Financial management & viability	584	231	341	–	–	–	7,550	10,000	11,000

		381,281	710,483	853,380	707,277	656,281	656,281	447,423	496,208	590,632
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1.10 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

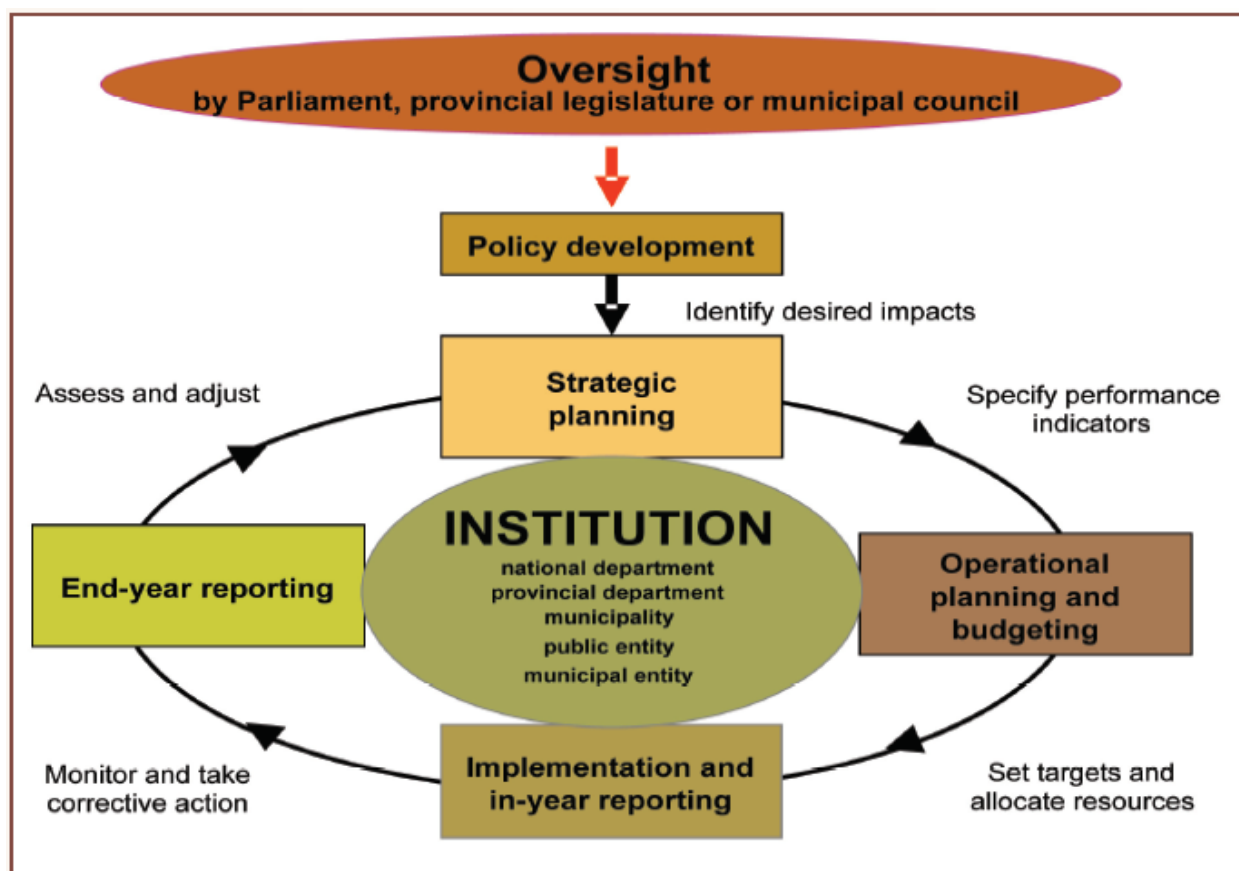


Figure 2 Planning, budgeting and reporting cycle

The performance of the municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder

expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the ***Framework of Managing Programme Performance Information*** issued by the National Treasury:

Figure 3 Definition of performance information concepts

The following table sets out the municipality's main performance objectives and benchmarks for the 2011/12 MTREF.

Table SA8 - Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
<u>Borrowing Management</u>											
Borrowing to Asset Ratio	Total Long-Term Borrowing/Total Assets	4.2%	1.0%	0.7%	3.7%	2.4%	2.4%	2.4%	2.4%	2.6%	2.6%
Credit Rating		A2 za	A2 za	A2 za	A2 za	A2 za	A2 za	A2 za			
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	3.2%	2.0%	1.5%	8.3%	6.0%	6.0%	6.0%	4.0%	3.7%	3.3%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.7%	0.1%	67.9%	71.3%	71.3%	71.3%	29.6%	34.7%	35.9%
<u>Safety of Capital</u>											
Debt to Equity	Loans, Creditors, Overdraft & Tax Provision/ Funds & Reserves	35.5%	12.9%	11.7%	7.1%	8.7%	8.7%	8.7%	5.6%	5.8%	5.8%
Gearing	Long Term Borrowing/ Funds & Reserves	6.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	1.3	1.1	0.5	1.2	0.9	0.9	0.9	1.6	2.0	2.4
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.3	1.1	0.5	1.2	0.9	0.9	0.9	1.6	2.0	2.4
Liquidity Ratio	Monetary Assets/Current Liabilities	1.1	0.9	0.0	0.8	0.2	0.2	0.2	0.6	1.0	1.5
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		132.8%	222.6%	23.9%	23.9%	23.9%	23.9%	118.0 %	108.8 %	106.3 %
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	13.7%	8.9%	21.9%	5.9%	14.6%	14.6%	14.6%	12.2%	10.7%	9.4%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	81.0%	82.0%		90.0%						
Employee costs	Employee costs/(Total Revenue - capital	28.4%	31.8%	28.0%	28.3%	29.2%	29.2%	29.2%	29.2%	26.7%	24.3%

	revenue)										
Remuneration	Total remuneration/(Total Revenue - capital revenue)	30.3%	32.9%	0.0%	29.8%	0.0%	0.0%		0.0%	0.0%	0.0%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	6.9%	38.6%	27.8%	6.8%	31.1%	31.1%	31.1%	29.8%	25.8%	22.2%
IDP regulation financial viability indicators	-										
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	6.2	13.0	8.6	12.9	12.9	12.9	28.0	31.5	36.7	44.6
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	24.1%	14.7%	40.0%	9.8%	23.8%	23.8%	23.8%	18.4%	15.6%	13.2%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	12.2	10.7	(0.9)	2.9	1.4	1.4	1.4	1.2	1.9	2.4

1.10.1 Performance indicators and benchmarks

1.10.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Mbombela Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2011/12 MTREF:

- *Borrowing to asset ratio* is a measure of the long-term borrowing as a percentage of the total asset base of the municipality. It can be noted that the borrowing asset ratio of Mbombela local municipality is increasing for the medium term.
- *Capital charges to operating expenditure* is a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing has steadily increased from 1.5 per cent in 2009/10 to 8.3 per cent in 2010/11. This increase can be attributed to the raising of loans to fund portions of the capital programme MTREF. While borrowing is considered a prudent financial instrument in financing capital infrastructure development, this indicator will have to be carefully monitored going forward as the Municipality has reached its prudential borrowing limits.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the Municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs. As part of the compilation of the 2012/13 MTREF the potential of smoothing out the debt profile over the longer term will be investigated.

1.10.1.2 Safety of Capital

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, overdraft and tax provisions as a percentage of funds and reserves.

1.10.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2011/12 MTREF the current ratio is 1.6 in the 2011/12 financial year and 2.0 and 2.4 for the two outer years of the MTREF. Going forward it will be necessary to maintain these levels.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2010/11 financial year the ratio was 0.2 and as part of the financial planning strategy it has been increased to 0.6 in the 2011/12 financial year. This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into serious financial challenges for the Municipality. As part of the longer term financial planning objectives this ratio will have to be set at a minimum of 1.

1.10.1.4 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection.

1.10.1.5 Creditors Management

- The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

1.10.1.6 Other Indicators

- Employee costs as a percentage of operating revenue continues to decrease over the MTREF. This is primarily owing to the high increase in bulk purchases which directly increase revenue levels, as well as increased allocation relating to operating grants and transfers.

1.10.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. With the exception of water, only registered indigents qualify for the free basic services.

For the 2011/12 financial year 12,500 registered indigents have been provided for in the budget with this figured increasing to 14,000 by 2013/14. In terms of the Municipality's indigent policy registered households are entitled to 6kl free water, 50 kwh of electricity, 6 kl sanitation and free waste removal equivalent to 85¢ once a week, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table A10 (Basic Service Delivery Measurement) .

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc) are not taken into account in the table noted above.

1.10.3 Providing clean water and managing waste water

The Department of Water Affairs conducts an annual performance rating of water treatment works, presenting a Blue Drop or Green Drop award respectively to potable water treatment works and waste water treatment works that meet certain criteria of excellence.

minimum Green Drop certification standards. This has been prioritised as part of the 2011/12 medium term capital budget.

The following is briefly the main challenges facing the Municipality in this regard:

- The infrastructure at most of the waste water treatment works is old and insufficient to treat the increased volumes of waste water to the necessary compliance standard;
- Shortage of skilled personnel makes proper operations and maintenance difficult;
- Electrical power supply to some of the plants is often interrupted which hampers the purification processes; and
- There is a lack of proper regional catchment management, resulting in storm water entering the sewerage system.

The following are some of the steps that have been taken to address these challenges:

- Infrastructure shortcomings are being addressed through the capital budget in terms of a 5-year upgrade plan;
- The filling of vacancies has commenced and the Waste Water Division will embark on an in-house training programme, especially for operational personnel;
- The Electricity Division is to install dedicated power supply lines to the plants; and
- The Division is working in consultation with the Department of Water Affairs to address catchment management.
- Updating the infrastructure plan of the municipality.

1.11 Overview of budget related-policies

As required by law, the budgeting process is guided and governed by relevant legislations, framework and policies, all the budget related policies must be reviewed annually. Any amendments, additions or deletions must be tabled to Council for approval. The Budget and Treasury office organised a full day workshop where all the policies were discussed. The purpose of this workshop was to table all these policies for deliberations by the whole management of Budget and Treasury office which included junior, middle and senior management.

Mbombela Municipality has reviewed the following Budget Related policies for the financial year 2011/2012:

1.11.1 VIREMENT POLICY

This is a policy that is designed to manage the shifting of funds within and between votes during a financial year. Its main objective is to give guidance to all relevant stakeholders on how to shift and manage funds within their items as per approved delegations.

The Municipal Budget and Reporting Regulations (No 3241) and Circular 51 issued by the National Treasury serve as guidelines in implementation of this policy.

The policy was discussed at the workshop and it was resolved that the following additions/amendments be made to the policy:

- No virements should be allowed on non-cash items (e.g. depreciation)
- The delegations should be in line with the organisational structure wherein the responsibilities be properly aligned
- No virement can be approved on the salary related votes except through Council approval

1.11.2 BUDGET POLICY

The budget policy deals mainly with all matters regarding budget matters. It gives a direction on how all the processes should be followed. The legislative and compliance requirements in terms of time lines are also indicated in this policy.

It was also discussed at the workshop and it was resolved that:

- The alignment with GRAP requirements be incorporated into the policy
- The capitalisation threshold of R10 000,00 be reviewed to be in line with the Asset Management Framework and Policy
- The policy must also incorporate reporting requirements in terms of publication on the notice boards, website, newspapers, etc.

1.11.3 CREDIT CONTROL AND DEBT COLLECTION POLICY

The policy is required in terms of chapter 9 of the Municipal Systems Act no 32 of 2000 (s 95, 96, 97 and 98). A policy must be developed in order to provide for a mechanism on which credit control and debt collection measures will be effected. The guidelines required by the Act in terms of s 97(1)(a) – (i) must be clearly indicated in the policy.

S 98 further requires that Council must adopt by laws to give effect to the policy, its implementation and enforcement.

The current policy and by laws were gazetted on 30 March 2009. There are however amendments which need to be incorporated into the policy which include amongst others:

- (a) Requirements as per schedule 1 (12A) and schedule 2 (10) of the Municipal Systems Act relating to arrears in municipal rated and taxes for both Councillors and Officials which must be incorporated into the policy.
- (b) The notification of customers by short messaging system (SMS) on arrear amounts and demand for payment be incorporated into the policy.
- (c) The mechanism of collection of debts older than two years be incorporated into the policy.
- (d) Dispute resolution mechanisms be clearly spelt out in terms of the policy.
- (e) Interest on arrear amounts be reviewed and indicated on the policy.
- (f) All penalties in the service level agreement entered into between the service provider and the municipality for enforcement of credit control measures are treated as part of the policy.

2.4.4 ECONOMIC INVESTMENT AND PROMOTION POLICY

This policy is a newly developed policy from the Local Economic Development unit. Its major objective is to provide a framework for the uniform development of incentives in Mbombela Local Municipality that will assist to

- a) attract investment
- b) return existing investment
- c) stimulate and create job opportunities
- d) support investment into IDP projects

As per deliberations, it was agreed that proper enforcement of this policy will have positive and beneficial impact to the municipality. The proposed types of incentives were also look at it was then agreed that a phase in approach as per the provisions Municipal Property Rates Act No 6 of 2004. These provisions are outlined in the Mbombela Local Municipality Property Rates By Law in terms of section 9.4.1(b).

2.4.5 INVESTMENT POLICY

This policy gives effect to the requirements as set out on s 13(2) of the Municipal Finance Management Act no 56 of 2003 and the Municipal Investment Regulations (Gazette 2743) of April 2005.

All investment related practices are guided by the implementation of this policy. It clearly outlines the roles and responsibilities of all role players in the management of the cash resources.

After deliberations during the workshop it was resolved that the following amendments or additions be incorporated into the policy:

- (a) Asset financing fund be changed to be called distributable accumulative reserve.

- (b) GAMAP be replaced with GRAP.
- (c) The policy must also indicate the risk spread factor rather than investing everything in one.
- (d) Clear segregation of duties amongst all role players be indicated.
- (e) Investment committee be informed timeously of any investment decision made or to be made where possible.
- (f) Approval be granted by the Manager responsible for investment decisions to be made by Investment Officer.

2.4.6 FUNDING AND RESERVES POLICY

In terms of s 8 of the Municipal Budget and Reporting Regulations, a policy on the funding and reserves policy must be developed. This policy needs to be reviewed annually.

Its main objective is to set out assumptions and methodology for estimating amongst other issues relating to:

- Projected billings, collections and all direct revenue
- Provision for revenue that will not be collected
- Funds expected from investments to be set aside in reserves

The policy was developed in the 2010/11 financial year and is being reviewed for implementation in the 2011/12 financial year as required. The policy and its contents is still relevant for implementation in the 2011/12 financial year.

2.4.7 INDIGENT POLICY

s 97(1)(c) of the Municipal Systems Act No 32 of 2000 states that :

- (1) A Credit Control and Debt Collection policy must provide for
- (c) Provision for indigent debtors that is consistent with its rates and tariff policies and any national policy on indigents.

The department of Cooperative Governance and Traditional Authorities has issued a guideline on formulation of Indigent Policy. This guideline has been used in developing the Indigent Policy for Mbombela Local Municipality. The policy was discussed and it was agreed that it be brought to Council for adoption.

2.4.8 PAYROLL DESCREPANCY POLICY

The non-existence of a policy to deal with payroll issues was raised as a concern by the Auditor General. A policy has been developed in terms of the Basic Conditions of Employment Act No 75 of 1997 s34 (5)(a) which states that :

Deductions and other acts concerning remuneration

An employer may not require or permit an employee to repay any remuneration except for overpayments previously made by the employer resulting from an error in calculating the employees' remuneration.

The policy has been developed and its main objectives are:

- (i) To establish policy and procedures for identifying, correcting and recovering salary overpayments and correcting underpayments
- (ii) To ensure consistent application of actions taken when implementing the policy
- (iii) Establish control measures to mitigate the risk of overpayments and early detection should such occur whether due to human error, technological failure or fraudulent activities.

The policy was discussed and was agreed that it be tabled to Council for adoption and approval.

2.4.9 SUPPLY CHAIN MANAGEMENT POLICY

Chapter 11 of the Municipal Finance Management Act No 50 of 2003 deals with Goods and Services. In terms of s111, each municipality must have and implement a Supply Chain Management policy which gives effect to provisions of this part of the Act.

In August 2005, National Treasury issued Circular 22, Supply Chain Management Model policy. This model policy has been developed to be fully compliant with MFMA. In terms of the circular the model must be adopted as the policy of the municipality and guidelines for adoption.

2.4.10 SUPPLIER PERFORMANCE MONITORING POLICY

In terms of s16(2)(b) of the Municipal Finance Management Act No. 56 of 2003:

- I. The Accounting Officer of a municipality must
 - a) Monitor on a monthly basis the performance of the contractor under the contract agreement.
 - b) It is within this premise and the fact that there has not been proper monitoring of service providers, that a policy has been developed.

This policy will, amongst others issues:-

- Ensure that high quality of service is maintained
- Detect underperformance earlier; thereby reducing the risks to the project
- Improvement in the performance of service providers

The policy has been developed. It also clearly stipulates the relevant role-players and their roles and responsibilities in terms of implementation of the policy.

2.4.11 CONTRACT MANAGEMENT POLICY

This policy is linked to the supplier performance monitoring policy. It has been developed in terms of s 116(2) of the MFMA. The lack of proper contract management or consistent application of contract management necessitated the development of this policy.

A dedicated unit in the SCM sub directorate with the assistance of the Legal Services within Council will be the key custodians of the policy. The Project Managers and user departments will in terms of the

policy be accountable for the specific project whilst it is underway and will work closely with the Contract Management unit to ensure compliance to the policy.

2.4.12 PROPERTY RATES POLICY & BY LAW

The Municipal Property Rates Act no 6 of 2004 provides a framework to which municipalities must comply when imposing rates on properties. S 62 of the MFMA requires that the accounting officer must ensure that the municipality has and implements a rates policy embodied in a bylaw as per s 6 of the MPRA.

In the implementation of the above a property rates by law was gazetted on 21 July 2010 as provincial gazette no 1841. As required by law annually the policy needs to be reviewed.

The by law was also discussed during the workshop. Additions as a result of the implementation of the supplementary valuation rolls and challenges encountered during the year were necessary.

2.4.13 TARIFF POLICY & BY LAW

s 74 of the Municipal Systems Act no 32 of 2000, provides a framework on the formulation of a tariff policy. This policy together with the by law adopted in terms of s 75 are part of the budget related policies that must be reviewed annually. A tariff policy consistent with the provisions of the Act has been developed.

2.4.14 ASSET MANAGEMENT POLICY

The safeguarding and maintenance of assets, valuation in accordance with GRAP, maintaining a system of internal control and keeping an asset register are key elements of the Asset Management Framework. In order to ensure above is done in a consistent and legally compliant manner, a policy directive needs to be adopted.

The municipality has recently completed an exercise where the asset base of the municipality was properly quantified and a GRAP compliant asset register completed. An asset management policy is therefore critical as it will ensure that all relevant stakeholders and role players understand their roles and responsibilities.

2.4.15 INSURANCE POLICY

The main objective of the insurance policy is to:

- Create awareness to all employees of the risks associated with all insurable interests
- Ensure reasonable steps are taken to mitigate and minimise all risks
- Identify all potential risks and enforce risk control measures
- Minimise losses by ensuring proper management control housekeeping and maintenance of assets

The policy is in a draft format and must be adopted for implementation by all relevant stakeholders. The policy must be read in conjunction with the Asset Management policy.

All the policies discussed above have been adopted by Council, the following policies will form part of the public participation process and later be gazetted into by laws for effective enforcement they are:

- Credit Control and Debt Collection Policy
- Indigent Policy
- Property Rates policy
- Tariff policy & buy- laws

1.12 Overview of budget assumptions

1.12.1 External factors

Domestically, after five years of strong growth, during which about two million jobs were created, our economy shrank by an estimated 1.8 per cent last year and about 900 000 people lost their jobs. It is expected that recovery from this deterioration will be slow and uneven, and that growth for 2011 will be 2.3 per cent rising to 3.6 per cent by 2012.

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the City's finances.

1.12.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2011/12 MTREF:

- National Government macro economic targets;
- The general inflationary outlook and the impact on City's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration. Employee related costs comprise 27.7 per cent of total operating expenditure in the 2011/11 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget. The wage agreement SALGBC concluded with the municipal workers unions on 31 July 2009 as well as the categorisation and job evaluation wage curves collective agreement signed on 21 April 2010 must be noted.

1.12.3 Credit rating outlook

Table 1 Credit rating outlook

Security class	Currency	Rating	Annual rating 2009/10	Previous Rating
Short term	Rand	Prime -1	20 April 2010	Prime -1
Long-term	Rand	Aa3	20 April 2010	Aa3
Outlook	Rand	Negative	20 April 2010	Negative

The rating definitions are:

- Short term : Prime – 1
Short-Term Debt Ratings (maturities of less than one year)

- Prime-1 (highest quality)
- Long-term : Aa3
- Defined as high-grade. "Aa" rated are judged to be of high quality and are subject to very low credit risk.

1.12.4 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The City engages in a number of financing arrangements to minimise its interest rate costs and risk. However, for simplicity the 2011/12 MTREF is based on the assumption that all borrowings are undertaken using fixed interest rates for amortisation-style loans requiring both regular principal and interest payments. As part of the compilation of the 2012/13 MTREF the potential of smoothing out the debt profile over the long term will be investigated.

1.12.5 Collection rate for revenue services

The payment level trend for the past three years, including current financial year until to date is as follows;

Description	Actual 2007/2008	Actual 2008/2009	Actual 2009/2010	Estimate 2010/2011	Forecast 2011/2012	Forecast 2012/2013	Forecast 2013/2014
Payment Levels	88%	92%	85%	92%	92%	92%	92%

The collection average rate of 92% on current accounts will be maintained over the medium-term. The provision for doubtful debts has been projected at 8% over the medium-term.

1.12.6 Growth or decline in tax base of the municipality

The summary of outstanding debts for the past three years, including current financial year until to date is as follows;

DESCRIPTION	2007/2008 Actual	2008/2009 Actual	2009/2010 Actual	2010/2011 Estimate	Average
RATES, SERVICES AND SUNDRY CHARGES DEBTORS	R 248 041 281	R 303 467 611	R331 151 658	R385 743 093	R131 600 000
GROWTH	12%	22%	9%	16%	15%

The Treasury Service Department has developed a revenue enhancement strategy to address some of the challenges leading to the dwindling payment levels. This strategy seeks to ensure that there is improvement in payment levels and recovery of outstanding debt. The collection on outstanding debts has been projected at an average 36% per annum over the medium-term.

1.12.7 Salary increases

- (a) The collective agreement regarding salaries/wages came into operation on 1 July 2009 and shall remain in force until 30 June 2012. Year three is an across the board increase of 8.54 per cent. The employees' remuneration cost will be R386 million in 2011/2012 financial year due to an increase by R44 million (13%) and expenditure to the total operating budget is 24%. The employees remuneration cost will increase to R451 million in 2013/2014 financial year and the expenditure to the total operating budget will be 22%. The employees' remuneration is fairly lower than the national norm of 30%, it is however causing a serious challenge to the municipality in executing its programmes and priorities ensuring the achievement of the service delivery objectives.

Included on the employees' remuneration is an allocation of R4.8 million over the medium-term for the recruitment of young qualified and inexperience graduates, diplomats and artisans on a learnership programme in order to close the gap of shortage of qualified and skilled employees in the municipality, especially in the field of engineering, property valuation, environmental management and town planning.

1.12.8 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve this national priority, municipalities are urged to when drafting 2011/2012 budgets to explore opportunities to mainstream labour intensive approaches to delivering services, and more particularly to participate fully in the EPWP. The municipality ought to focus on maximizing its contribution to job creation by;

- (f) Ensuring that service delivery and capital project use labour intensive methods wherever appropriate.
- (g) Ensuring that service providers use labour intensive approaches.
- (h) Supporting labour intensive LED projects.
- (i) Participating fully in the EPWP/National youth service plan NYDP.
- (j) Implementing interns programmes to provide young people with on-the-job training.

1.12.9 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 97 per cent is achieved on operating expenditure and 98 per cent on the capital programme for the 2011/12 MTREF of which performance has been factored into the cash flow budget.

1.13 Overview of budget funding

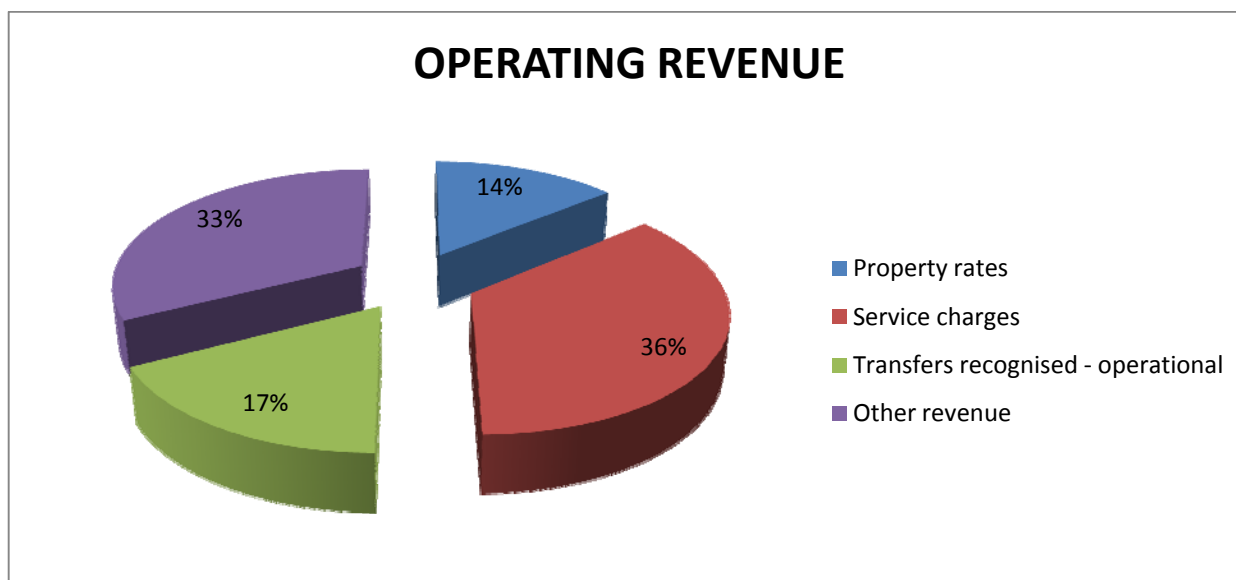
1.13.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Description R thousand	2011/12 Medium Term Revenue & Expenditure Framework					
	Budget Year 2011/12	%	Budget Year +1 2012/13	%	Budget Year +2 2013/14	%
-						
Property rates	239,445	18.1	275,446	17.6	316,602	17.1
Property rates - penalties & collection charges	–	0.0	–	0.0	–	0.0
Service charges - electricity revenue	525,034	39.8	669,886	42.9	854,876	46.1
Service charges - water revenue	23,250	1.8	26,098	1.7	29,683	1.6
Service charges - sanitation revenue	13,577	1.0	15,308	1.0	17,502	0.9
Service charges - refuse revenue	52,700	4.0	59,925	3.8	69,129	3.7
Service charges - other	–	0.0	–	0.0	–	0.0
Rental of facilities and equipment	23,064	1.7	28,504	1.8	35,454	1.9
Interest earned - external investments	4,301	0.3	4,301	0.3	4,301	0.2
Interest earned - outstanding debtors	18,339	1.4	20,173	1.3	22,190	1.2
Dividends received	–	0.0	–	0.0	–	0.0
Fines	3,742	0.3	4,301	0.3	4,944	0.3
Licences and permits	5,299	0.4	6,093	0.4	7,007	0.4
Agency services	71,688	5.4	82,441	5.3	94,807	5.1

Transfers recognised - operational	298,622	22.6	325,248	20.8	349,331	18.8
Other revenue	31,818	2.4	34,741	2.2	38,014	2.1
Gains on disposal of PPE	9,555	0.7	9,555	0.6	9,555	0.5
Total Revenue (excluding capital transfers and contributions)	1,320,431	100	1,562,018	100	1,853,394	100
Total Revenue operating expenditure	1,590,748		1,755,452		2,050,790	
Surplus/(Deficit)	(270,316)		(193,433)		(197,395)	

The following graph is a breakdown of the operational revenue per main category for the 2011/12 financial year.



Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The City derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal. Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

The revenue strategy is a function of key components such as:

- Growth in the city and economic development;
- Revenue management and enhancement;
- Achievement of a 95 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2011/12 MTREF on the different revenue categories are:

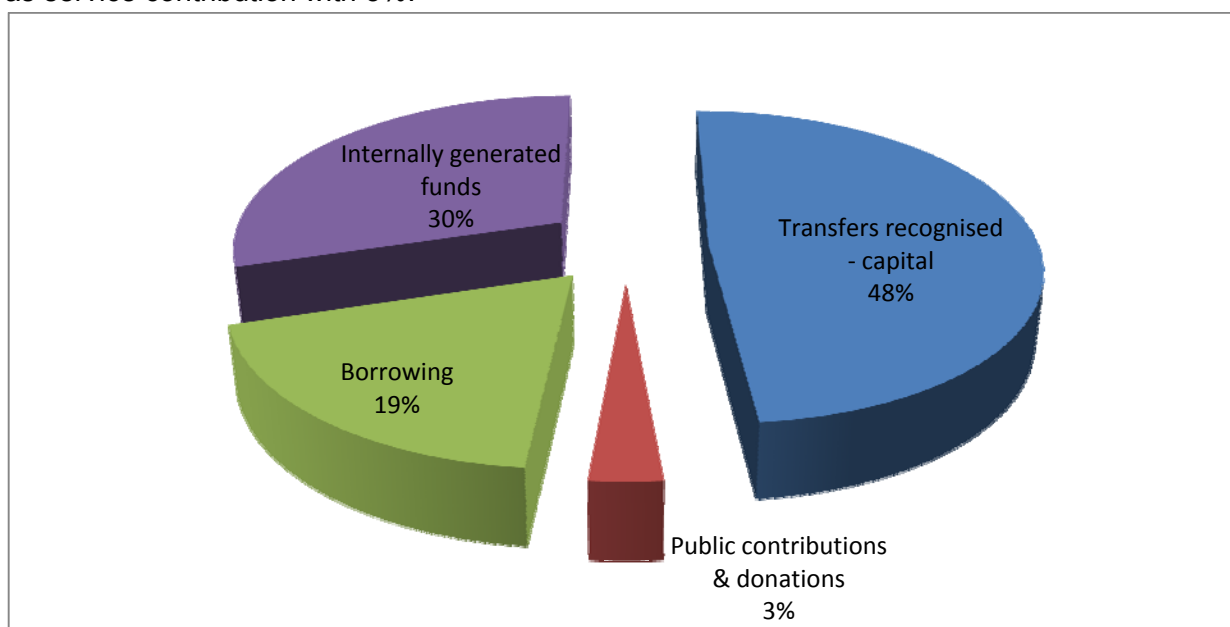
Proposed tariff increases over the medium-term

Revenue category	2011/12 proposed tariff increase	2012/13 proposed tariff increase	2013/14 proposed tariff increase	2011/12 additional revenue for each 1% tariff increase	2012/13 additional revenue owing to % tariff increases	2013/14 Total Budgeted revenue
	%	%	%	R'000	R'000	R'000
Electricity	23.41	22	22	122,910,511	147,374,924	854,876,321
Water	8	10	11	1,859,986	2,609,782	2,968,2650
Sewer	8	10	11	1,086,149	1,530,791	17,501,536
Refuse Removal	10	11	12	5,796,954	5,992,481	69,129,270
Property Rates	5	7	7	11,972,235	19,281,228	316,60,2169
TOTAL				143,625,835	176,789,206	128,779,195

Table 2 Sources of capital revenue over the MTREF

Description R thousands	2011/12 Medium Term Revenue & Expenditure Framework							
	Adjusted Budget	%	Budget Year 2011/12	%	Budget Year +1 2012/13	%	Budget Year +2 2013/14	%
Capital expenditure								
Transfers recognised - capital	321,541,774	49	245,315,000	55	250,122,908	50	293,087,396	50
Public contributions & donations	16,569,512	3	8,200,000	2	14,300,000	3	13,259,013	2
Borrowing	122,420,970	19	50,339,000	11	35,600,000	7	48,600,000	8
Internally generated funds	195,749,609	30	143,569,240	32	196,185,000	40	235,685,820	40
Total sources of capital funds	656,281,865	100	447,423,240	100	496,207,908	100	590,632,229	100

Grants and subsidies is a major funding of the capital budget where 48% of the capital budget is funded from grants, followed by internally generated revenue with 30% and borrower revenue with 19% as well as service contribution with 3%.



Sources of capital revenue for the 2011/12 financial year

Capital grants and receipts equates to 55 per cent of the total funding source which represents R345 million for the 2011/12 financial year and slightly lower to R293 million or 50 per cent by 2013/14. Growth relating to grant receipts is fairly constant over the medium-term.

Borrowing still remains a significant funding source for the capital programme over the medium-term with an estimated R50 million to be raised for each of the respective financial years totalling 11, 7 and 8 per cent of the total funding of the capital budget for each of the respective financial years of the MTREF.

1.13.2 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management

practice and also improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provided for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Table A7 - Budget cash flow statement

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other	1	614 328	1 138 964	155 135	1 120 478	990 294	990 294	990 294	1 077 050	1 278 630	1 528 623
Government - operating		161 951	179 798	397 738	281 291	312 919	312 919	312 919	298 622	325 248	349 331
Government - capital	1	327 682	591 566	528 045	274 970	285 984	285 984	285 984	234 065	236 003	253 870
Interest		30 122	72 078	37 155	11 574	2 900	2 900	2 900	9 611	10 272	10 998
Dividends		—	—		—						
Payments											
Suppliers and employees		(562 780)	(674 666)	(877 424)	(1 174 287)	(1 150 659)	(1 150 659)	(1 150 659)	(1 146 068)	(1 279 293)	(1 437 100)
Finance charges		(10 885)	(11 517)	(12 970)	(23 187)	(15 064)	(15 064)	(15 064)	(23 877)	(37 877)	(38 635)
Transfers and Grants	1	—	—						—	—	—
NET CASH FROM/(USED) OPERATING ACTIVITIES		560 418	1 296 223	227 678	490 839	426 373	426 373	426 373	449 403	532 982	667 088
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		1 795	—	—	15 400	6 290	6 290	6 290	—	—	—
Decrease (Increase) in non-current debtors		5 475	—	—	—	—	—	—	—	—	—
Decrease (Increase) other non-current receivables		—	(59)	(439)	—	—	—	—	—	—	—
Decrease (Increase) in non-current investments		(2 540)	(2 333)	8 276	—	—	—	—	—	—	—
Payments											
Capital assets		(381 275)	(1 143 600)	(851 395)	(578 495)	(440 705)	(440 705)	(440 705)	(468 465)	(498 872)	(618 515)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(376 545)	(1 145 993)	(843 558)	(563 095)	(434 415)	(434 415)	(434 415)	(468 465)	(498 872)	(618 515)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		—	—	—	57 000	57 000	57 000	57 000			
Borrowing long term/refinancing		—	884	272	200 000	170 000	170 000	170 000	50 000	70 000	80 000
Increase (decrease) in consumer deposits		1 140	—		—	—	—	—			
Payments											
Repayment of borrowing		(9 573)	(10 699)	(7 786)	(68 360)	(68 360)	(68 360)	(68 360)	(21 600)	(22 140)	(22 694)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(8 433)	(9 814)	(7 514)	188 640	158 640	158 640	158 640	28 400	47 860	57 307
NET INCREASE/ (DECREASE) IN CASH HELD		175 439	140 417	(623 393)	116 385	150 599	150 599	150 599	9 338	81 969	105 880
Cash/cash equivalents at the year begin:	2	251 357	426 796	567 213	87 211	(56 181)	(56 181)	(56 181)	94 419	103 757	185 726
Cash/cash equivalents at the year end:	2	426 796	567 213	(56 180)	203 596	94 418	94 418	94 418	103 757	185 726	291 606

The above table shows that cash and cash equivalents of the municipality is improving from R94 million to R103 million in 2011/2012 financial year. This is due to effective management of the cash flow by the municipality as well as the development and implementation of two critical financial strategies such as revenue enhancement strategy and cost curtailment strategy. Proper implementation of the above mentioned strategies help to improve the financial situation of the municipality.

1.13.3 Cash Backed Reserves/Accumulated Surplus Reconciliation

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	426 796	567 213	(56 180)	203 596	94 418	94 418	94 418	103 757	185 726	291 606
Other current investments > 90 days		(0)	(0)	(0)	(105 085)	(75 880)	(75 880)	(75 880)	-	-	-
Non current assets - Investments	1	17 684	20 017	11 742	12 500	12 088	12 088	12 088	12 088	12 813	13 582
Cash and investments available:		444 480	587 230	(44 439)	111 011	30 626	30 626	30 626	115 845	198 539	305 188
Application of cash and investments											
Unspent conditional transfers		235 056	414 185	141 285	-	-	-	-	-	-	-
Unspent borrowing											
Statutory requirements	2	21 260	2 668								
Other working capital requirements	3	278 743	472 857	268 584	14 986	27 131	27 131	27 131	(27 528)	(29 224)	(26 395)
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		535 059	889 709	409 869	14 986	27 131	27 131	27 131	(27 528)	(29 224)	(26 395)
Surplus(shortfall)		(90 579)	(302 479)	(454 307)	96 024	3 495	3 495	3 495	143 373	227 763	331 583

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Figure 4 Cash and cash equivalents / Cash backed reserves and accumulated funds

Description	MFMA section	Ref	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	426 796	567 213	(56 180)	203 596	94 418	94 418	94 418	103 757	185 726	291 606
Cash + investments at the yr end less applications - R'000	18(1)b	2	(90 579)	(302 479)	(454 307)	96 024	3 495	3 495	3 495	143 373	227 763	331 583
Cash year end/monthly employee/supplier payments	18(1)b	3	12.2	10.7	(0.9)	2.9	1.4	1.4	1.4	1.2	1.9	2.4
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	388 837	247 746	227 700	465 808	13 167	13 167	13 167	16 540	20 570	26 475
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	12.9%	24.2%	15.3%	(6.0%)	(6.0%)	(6.0%)	13.5%	16.6%	17.0%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	120.9%	217.7%	19.0%	109.6%	110.6%	110.6%	111%	99.7%	105.7%	103.6%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	9.3%	22.5%	8.7%	7.0%	8.1%	8.1%	8.1%	7.8%	7.8%	7.8%
Capital payments % of capital expenditure	18(1)c,19	8	100.0%	161.0%	99.8%	81.8%	67.2%	67.2%	67.2%	104.7%	100.5%	104.7%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.7%	0.1%	51.7%	50.8%	50.8%	50.8%	24.7%	28.4%	26.9%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								111.9%	100.0%	100.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	(27.6%)	254.6%	(70.2%)	148.2%	0.0%	0.0%	(7.7%)	4.0%	4.1%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	6.5%	45.0%	(100.0%)	0.0%	0.0%	0.0%	(100.0%)	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	5.2%	1.6%	2.0%	1.7%	2.7%	2.7%	2.4%	2.5%	2.5%	0.0%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	36.6%	34.8%	16.4%	33.7%	55.2%	64.6%	0.0%

1.13.4 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Funding Compliance measures

The cash and cash equivalents as reflected in the funding compliance table below indicated that the municipality has a positive cash balance at the end of the financial year which is an indication of the

minimum requirement as required by MFMA. The forecasted cash and cash equivalents for the Medium Term period is R 103 million, R 185 million and R 291 million for each year respectively.

1.13.4.1 Cash/cash equivalent position

The City's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2011/12 MTREF shows R103 million, R185 million and R291 million for each respective financial year.

1.13.4.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table A8. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

1.13.4.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts municipalities improving cash position causes the ratio to move upwards one month's cash coverage in the medium term, and then gradually move towards two months coverage. This measure will have to be carefully monitored going forward.

1.13.4.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2011/12 MTREF the indicative outcome is a surplus of R16 million, R20 million and R26 million.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

1.13.4.5 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will

include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 per cent). The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage growth totals 13.5, 16.6 and 17 per cent for the respective financial year of the 2011/12 MTREF.

1.13.4.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 99.7, 105 and 103 per cent for each of the respective financial years. Given that the assumed collection rate was based on a 92 per cent performance target, the cash flow statement has been conservatively determined.

1.13.4.7 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 8, 8 and 8 per cent over the MTREF. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

1.13.4.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

1.13.4.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. It can be seen that borrowing equates to 24, 28 and 26 per cent of own funded capital. .

1.13.4.10 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for all transfers.

1.13.4.11 Consumer debtors change (Current and Non-current)

The purpose of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the Municipality policy of settling debtors accounts within 30 days.

1.13.4.12 *Repairs and maintenance expenditure level*

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected.

1.13.4.13 *Asset renewal/rehabilitation expenditure level*

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets.

SUPPORTING TABLES FOR THE MEDIUM TERM REVENUE EXPENDITURE BUDGET

Below is a list of supporting tables for the medium term budget.

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand											
REVENUE ITEMS:											
Property rates	6										
Total Property Rates		142 045	155 406	187 192	287 896	287 896	287 896	287 896	329 642	361 133	398 005
less Revenue Foregone					80 670	80 670	80 670	80 670	90 197	85 687	81 403
Net Property Rates		142 045	155 406	187 192	207 226	207 226	207 226	207 226	239 445	275 446	316 602
Service charges - electricity revenue	6										
Total Service charges - electricity revenue		176 198	227 314	328 997	425 302	425 302	425 302	425 302	525 034	669 886	854 876
less Revenue Foregone											
Net Service charges - electricity revenue		176 198	227 314	328 997	425 302	425 302	425 302	425 302	525 034	669 886	854 876
Service charges - water revenue	6										
Total Service charges - water revenue		16 290	18 428	18 176	19 779	19 779	19 779	19 779	23 250	26 098	29 683
less Revenue Foregone											
Net Service charges - water revenue		16 290	18 428	18 176	19 779	19 779	19 779	19 779	23 250	26 098	29 683
Service charges - sanitation revenue											
Total Service charges - sanitation revenue		11 171	12 886	12 657	14 106	14 106	14 106	14 106	13 577	15 308	17 502
less Revenue Foregone											
Net Service charges - sanitation revenue		11 171	12 886	12 657	14 106	14 106	14 106	14 106	13 577	15 308	17 502
Service charges - refuse revenue	6										
Total refuse removal revenue		34 742	38 306	41 861	48 052	48 052	48 052	48 052	52 700	59 925	69 129
Total landfill revenue					-						
less Revenue Foregone					-						
Net Service charges - refuse revenue		34 742	38 306	41 861	48 052	48 052	48 052	48 052	52 700	59 925	69 129
Other Revenue by source											
Fuel levy			6								
Other revenue	3	31 363	34 195	34 638	56 805	35 031	35 031	35 031	31 818	34 741	38 014
Total 'Other' Revenue	1	31 363	34 202	34 638	56 805	35 031	35 031	35 031	31 818	34 741	38 014
EXPENDITURE ITEMS:											
Employee related costs											
Salaries and Wages	2	192 370	242 642	303 219	270 542	276 009	276 009	276 009	302 350	326 545	352 675
Contributions to UIF, pensions, medical aid					65 977	74 560	74 560	74 560	83 624	90 478	97 898
Travel, motor car, accom: & other allowances					-						
Housing benefits and allowances		-			-						
Overtime		-			-						
Performance bonus		-	-		-						
Long service awards		-	-		-						
Payments in lieu of leave		-	-		-						
Post-retirement benefit obligations	4	-	-		-						
sub-total	5	192 370	242 642	303 219	336 519	350 569	350 569	350 569	385 974	417 023	450 573
Less: Employees costs capitalised to PPE											
Total Employee related costs	1	192 370	242 642	303 219	336 519	350 569	350 569	350 569	385 974	417 023	450 573
Contributions recognised - capital											
List contributions by contract											
Total Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-
Depreciation & asset impairment											
Depreciation of Property, Plant & Equipment		35 821	282 854	288 471	51 279	352 484	352 484	352 484	352 484	359 534	366 725
Lease amortisation		-			-						
Capital asset impairment					-						
Total Depreciation & asset impairment	1	35 821	282 854	288 471	51 279	352 484	352 484	352 484	352 484	359 534	366 725
Bulk purchases											
Electricity Bulk Purchases		110 704	166 807	205 774	294 219	275 570	275 570	275 570	326 969	408 696	510 854
Water Bulk Purchases		4 943	4 792	1 079	1 204	4 204	4 204	4 204	6 552	6 880	7 264
Total bulk purchases	1	115 647	171 599	206 854	295 423	279 774	279 774	279 774	333 521	415 576	518 118
Contracted services											
List services provided by contract		51 000	95 202	169 499	110 287	108 994	108 994	108 994	172 306	191 625	314 439

Table SA 2

Description	Ref	COUNCIL	COUNCIL SUPPORT	MUNICIPAL MANAGER	FINANCIAL SERVICES	STRATEGIC GOVERNANCE & CORPORATE SUPPORT	CORPORATE SUPPORT & CO-OPERATIVE GOVERNANCE	CORPORATE SERVICES	ECONOMIC DEVELOPMENT, TOURISM & TRADE	STRATEGIC SERVICE DELIVERY & UNITY SUPPORT	HUMAN & COMMUNITY DEVELOPMENT	MUNICIPAL PLANNING & DEVELOPMENT	INFRASTRUCTURE SERVICES	OPERATIONS & MAINTENANCE	Total
and	1														
By Source															
Property rates					239 445										239 445
Property rates - penalties & collection charges															-
Electricity charges - electricity revenue														525 034	525 034
Electricity charges - water revenue														23 250	23 250
Electricity charges - sanitation revenue														13 577	13 577
Electricity charges - refuse revenue											52 670				52 670
Electricity charges - other															-
Cost of facilities and equipment								33	101	2 413	16 599	3 919			23 064
Interest earned - external investments					4 301										4 301
Interest earned - outstanding debtors					18 339										18 339
Dividends received									4		3 717			25	3 746
Licences and permits											5 295				5 295
Utility services											71 688				71 688
Revenue			6		3 964			29		8 761	16 183	1 110		1 765	31 818
Provisions recognised - operational					284 121									14 501	298 622
Provision on disposal of PPE					9 305							249			9 555
Revenue (excluding capital transfers and contributions)		-	6	-	559 475	-	-	62	105	11 173	166 150	5 278	-	578 152	1 320 401
By Type															
Employee related costs			9 025	897	43 772	3 754	6 706	15 856	5 424	3 109	194 055	20 179	13 509	69 688	385 974
Remuneration of councillors		18 673													18 673
Impairment					18 436						24 183			25 699	68 318
Depreciation & asset impairment		128	3	28	75	445	4	943	47	197	44 869	1 695	4 248	299 802	352 484
Electricity charges					10 936						24 168	247		6 116	41 467
Purchases								78						333 443	333 521
Materials		40	111		88	6	12	203	26		8 079	7	1	25 741	34 315
Contracted services		1	2		6 761			8 828	30		44 322			30 471	90 414
Grants and transfers															-
Expenditure		1 187	2 358	1 883	19 480	1 323	3 954	14 166	6 094	992	68 764	14 781	14 948	115 652	265 582
Provision on disposal of PPE															-
Expenditure		20 028	11 499	2 808	99 548	5 528	10 677	40 074	11 621	4 298	408 440	36 909	32 705	906 612	1 590 748
(Deficit)		(20 028)	(11 493)	(2 808)	459 927	(5 528)	(10 677)	(40 012)	(11 517)	6 875	(242 290)	(31 630)	(32 705)	(328 460)	(270 346)
Provisions recognised - capital													296 821		296 821
Provisions recognised - capital															-
Revalued assets															-
(Deficit) after capital transfers & contributions		(20 028)	(11 493)	(2 808)	459 927	(5 528)	(10 677)	(40 012)	(11 517)	6 875	(242 290)	(31 630)	264 115	(328 460)	26 475

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
thousand											
ASSETS											
Call investment deposits											
Call deposits < 90 days											
Other current investments > 90 days											
total Call investment deposits	2	-	-	-	-	-	-	-	-	-	-
Consumer debtors											
Consumer debtors		206 042	303 313 976	331 151 658	26 472	365 208	365 208	365 208	54 268	54 268	54 268
Less: Provision for debt impairment		(155 014)	(258 024)	(277 896)		(310 940)	(310 940)	(310 940)			
total Consumer debtors	2	51 029	45 290	53 256	26 472	54 268	54 268	54 268	54 268	54 268	54 268
Debt impairment provision											
Balance at the beginning of the year		135 861	177 483	258 024		277 896	277 896	277 896			
Contributions to the provision		19 153	102 015	51 063		33 734	33 734	33 734			
Bad debts written off		-	(21 474)	(31 191)		(689)	(689)	(689)			
balance at end of year		155 014	258 024	277 896	-	310 940	310 940	310 940	-	-	-
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)		1 622 563	6 298 325	7 140 292	6 797 175	6 122 218	6 122 218	6 122 218	6 238 513	6 629 222	7 131 067
Leases recognised as PPE	3			357 736	-	315	315	315			
Less: Accumulated depreciation		368 359	715 221	991 740	-						
total Property, plant and equipment (PPE)	2	1 254 204	5 583 104	6 148 909	6 797 175	6 122 532	6 122 532	6 122 532	6 238 513	6 629 222	7 131 067
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)					-						
Current portion of long-term liabilities		9 590	7 789	21 860 836	4 816	19 172	19 172	19 172	40 772	43 219	46 676
total Current liabilities - Borrowing		9 590	7 789	21 861	4 816	19 172	19 172	19 172	40 772	43 219	46 676
Trade and other payables											
Trade and other creditors		146 386	178 611	320 384 270	87 876	207 453	207 453	207 453	133 500	141 510	150 001
Unspent conditional transfers		235 056	414 185	141 284 689	-	-	-	-			
VAT											
total Trade and other payables	2	381 442	592 796	461 669	87 876	207 453	207 453	207 453	133 500	141 510	150 001
Non current liabilities - Borrowing											
Borrowing	4	66 868	67 757 235	46 051 409	263 608	160 147	160 147	160 147	164 366	191 228	208 501
Finance leases (including PPP asset element)		9 546	59 320	231 670	64	232	232	232			
total Non current liabilities - Borrowing		76 414	67 817	46 283	263 672	160 379	160 379	160 379	164 366	191 228	208 501
Provisions - non-current											
Retirement benefits			79 603	91 848		98 639	98 639	98 639			
List other major provision items											
Refuse landfill site rehabilitation			1 091	1 200		1 260	1 260	1 260	1 392	145	160
Long Service Awards			3 317 000	3 915 078	-	4 150	4 150	4 150	21 971	24 089	26 413
total Provisions - non-current		-	84 011	96 963	-	104 049	104 049	104 049	23 363	24 234	26 572
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance		146 343	1 332 031	5 850 345	6 123 807	6 064 878	6 064 878	6 064 878	6 503 016	6 935 595	7 514 251
GRAP adjustments		(894)									
Restated balance		145 449	1 332 031	5 850 345	6 123 807	6 064 878	6 064 878	6 064 878	6 503 016	6 935 595	7 514 251
Surplus/(Deficit)		372 523	247 746	227 700	465 808	13 167	13 167	13 167	16 540	20 570	26 475
Appropriations to Reserves		(18 025)									
Transfers from Reserves		(327 682)				123 872	123 872	123 872			
Depreciation offsets		16 314									
Other adjustments		38 751	4 270 568								
Accumulated Surplus/(Deficit)	1	227 329	5 850 345	6 078 044	6 589 615	6 201 916	6 201 916	6 201 916	6 519 556	6 956 165	7 540 726
Reserves											
Housing Development Fund		1 841 730	-			-	-	-			
Capital replacement		65 288 503									
Capitalisation		208 468 930									
Government grant		820 718 871									
Donations and public contributions											
Self-insurance		8 360 067									
Other reserves (list)		22 775									
Revaluation		-	-		-	-	-	-			
total Reserves	2	1 104 701	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	1 332 030	5 850 345	6 078 044	6 589 615	6 201 916	6 201 916	6 201 916	6 519 556	6 956 165	7 540 726

Description of financial indicator	Basis of calculation	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Borrowing Management											
Borrowing to Asset Ratio	Total Long-Term Borrowing/Total Assets	4.2%	1.0%	0.7%	3.7%	2.4%	2.4%	2.4%	2.4%	2.6%	2.6%
Credit Rating		A2 za	A2 za	A2 za	A2 za	A2 za	A2 za	A2 za			
Capital Charges to Operating Expenditure	Interest & Principal Paid / Operating Expenditure	3.2%	2.0%	1.5%	8.3%	6.0%	6.0%	6.0%	4.0%	3.7%	3.3%
Growth of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.7%	0.1%	67.9%	71.3%	71.3%	71.3%	29.6%	34.7%	35.9%
Use of Capital											
Debt to Equity	Loans, Creditors, Overdraft & Tax Provision/ Funds & Reserves	35.5%	12.9%	11.7%	7.1%	8.7%	8.7%	8.7%	5.6%	5.8%	5.8%
Borrowing	Long Term Borrowing/ Funds & Reserves	6.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Liquidity											
Current Ratio	Current assets/current liabilities	1.3	1.1	0.5	1.2	0.9	0.9	0.9	1.6	2.0	2.4
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.3	1.1	0.5	1.2	0.9	0.9	0.9	1.6	2.0	2.4
Liquidity Ratio	Monetary Assets/Current Liabilities	1.1	0.9	0.0	0.8	0.2	0.2	0.2	0.6	1.0	1.5
Revenue Management											
Annual Debtors Collection Rate (Payment level %)	Last 12 Mths Receipts/Last 12 Mths Billing		132.8%	222.6%	23.9%	23.9%	23.9%	23.9%	118.0%	108.8%	106.3%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	13.7%	8.9%	21.9%	5.9%	14.6%	14.6%	14.6%	12.2%	10.7%	9.4%
Outstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	81.0%	82.0%		90.0%						
Debtors Management											
Debtors System Efficiency	% of Creditors Paid Within Terms (within MFMA's 65(e))										
Provisioning of Provisions											
Provisions not funded - %	Unfunded Provs./Total Provisions										
Efficiency Indicators											
Electricity Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	% Volume (units purchased and own source less units sold)/Total units purchased and own source										
Employee costs	Employee costs/(Total Revenue - capital revenue)	28.4%	31.8%	28.0%	28.3%	29.2%	29.2%	29.2%	29.2%	26.7%	24.3%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	30.3%	32.9%	0.0%	29.8%	0.0%	0.0%		0.0%	0.0%	0.0%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	6.9%	38.6%	27.8%	6.8%	31.1%	31.1%	31.1%	29.8%	25.8%	22.2%
Regulation financial viability indicators											
Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	6.2	13.0	8.6	12.9	12.9	12.9	28.0	31.5	36.7	44.6
Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	24.1%	14.7%	40.0%	9.8%	23.8%	23.8%	23.8%	18.4%	15.6%	13.2%
Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	12.2	10.7	(0.9)	2.9	1.4	1.4	1.4	1.2	1.9	2.4

Description of economic indicator	Basis of calculation	1996 Census	2001 Census	2007 Survey	2007/8	2008/9	2009/10	Current Year 2010/11	2011/12 Medium Term Revenue & Expenditure Framework		
Demographics											
Population			477	662	662	662	527	667	673	673	673
males aged 5 - 14											
females aged 5 - 14											
males aged 15 - 34				268	268	268	268	268	268	268	268
females aged 15 - 34				260	260	260	260	260	260	260	260
employment				52	52	52	52	52	52	52	52
Household income (households) (1.)											
Income								222 666	222 666	222 666	222 666
- R4800								240 190	240 190	240 190	240 190
8000 - R9600								35 551	35 551	35 551	35 551
Property profiles (2.)											
Property description											
Household/demographics (000)											
Number of people in municipal area			477	662	662	662	527	667	673	673	673
Number of poor people in municipal area				297 760	297 760	297 760	300	300	303	303	303
Number of households in municipal area			112 226	112 226	137	137	137	137	137	137	137
Number of poor households in municipal area				59 552	59 552	59 552	60	60	61	61	61
Definition of poor household (R per month)			2 040	2 040	2 080	2 160	2 160	2 160	2 160	2 160	2 160
Housing statistics (3.)											
Formal											
Informal											
Total number of households			-	-	-	-	-	-	-	-	-
Dwellings provided by municipality (4.)											
Dwellings provided by province/s											
Dwellings provided by private sector (5.)											
Total new housing dwellings			-	-	-	-	-	-	-	-	-
Economic (6.)											
Inflation/outlook (CPIX)					4.3%	3.9%	4.6%	5.2%	5.1%	4.3%	4.5%
Interest rate - borrowing											
Interest rate - investment											
Muneration increases					28.0%	31.0%	28.0%	28.0%	29.0%	26.0%	24.0%
Consumption growth (electricity)											
Consumption growth (water)											
Collection rates (7.)											
Property tax/service charges					97.0%	96.0%	100.0%	92.0%	92.0%	92.0%	92.0%
Rental of facilities & equipment					92.0%	70.0%	57.0%	100.0%	100.0%	100.0%	100.0%
Interest - external investments					403.0%	231.0%	95.0%	100.0%	100.0%	100.0%	100.0%
Interest - debtors					135.0%	127.0%	80.0%	100.0%	100.0%	100.0%	100.0%
Revenue from agency services					132.0%	98.0%	25.0%	100.0%	100.0%	100.0%	100.0%

MP322 Mbombela Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	426 796	567 213	(56 180)	203 596	94 418	94 418	94 418	103 757	185 726	291 606
Cash + investments at the yr end less applications - R'000	18(1)b	2	(90 579)	(302 479)	(454 307)	96 024	3 495	3 495	3 495	143 373	227 763	331 583
Cash year end/monthly employee/supplier payments	18(1)b	3	12.2	10.7	(0.9)	2.9	1.4	1.4	1.4	1.2	1.9	2.4
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	388 837	247 746	227 700	465 808	13 167	13 167	13 167	16 540	20 570	26 475
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	12.9%	24.2%	15.3%	(6.0%)	(6.0%)	(6.0%)	13.5%	16.6%	17.0%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	120.9%	217.7%	19.0%	109.6%	110.6%	110.6%	111%	99.7%	105.7%	103.6%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	9.3%	22.5%	8.7%	7.0%	8.1%	8.1%	8.1%	7.8%	7.8%	7.8%
Capital payments % of capital expenditure	18(1)c;19	8	100.0%	161.0%	99.8%	81.8%	67.2%	67.2%	67.2%	104.7%	100.5%	104.7%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.7%	0.1%	51.7%	50.8%	50.8%	50.8%	24.7%	28.4%	26.9%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								111.9%	100.0%	100.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	(27.6%)	254.6%	(70.2%)	148.2%	0.0%	0.0%	(7.7%)	4.0%	4.1%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	6.5%	45.0%	(100.0%)	0.0%	0.0%	0.0%	(100.0%)	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	5.2%	1.6%	2.0%	1.7%	2.7%	2.7%	2.4%	2.5%	2.5%	0.0%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	36.6%	34.8%	16.4%	33.7%	55.2%	64.6%	0.0%

Supporting indicators											
% incr <i>total service charges (incl prop rates)</i>	18(1)a		18.9%	30.2%	21.3%	0.0%	0.0%	0.0%	19.5%	22.6%	23.0%
% incr Property Tax	18(1)a		9.4%	20.5%	10.7%	0.0%	0.0%	0.0%	15.5%	15.0%	14.9%
% incr Service charges - electricity revenue	18(1)a		29.0%	44.7%	29.3%	0.0%	0.0%	0.0%	23.4%	27.6%	27.6%
% incr Service charges - water revenue	18(1)a		13.1%	(1.4%)	8.8%	0.0%	0.0%	0.0%	17.5%	12.2%	13.7%
% incr Service charges - sanitation revenue	18(1)a		15.4%	(1.8%)	11.4%	0.0%	0.0%	0.0%	(3.7%)	12.7%	14.3%
% incr Service charges - refuse revenue	18(1)a		10.3%	9.3%	14.8%	0.0%	0.0%	0.0%	9.7%	13.7%	15.4%
% incr in Service charges - other	18(1)a		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total billable revenue	18(1)a	382 378	453 936	590 295	717 171	733 671	733 671	733 671	877 069	1 075 167	1 323 246
Service charges		380 446	452 340	588 882	714 466	714 466	714 466	714 466	854 005	1 046 663	1 287 792
Property rates		142 045	155 406	187 192	207 226	207 226	207 226	207 226	239 445	275 446	316 602
Service charges - electricity revenue		176 198	227 314	328 997	425 302	425 302	425 302	425 302	525 034	669 886	854 876
Service charges - water revenue		16 290	18 428	18 176	19 779	19 779	19 779	19 779	23 250	26 098	29 683
Service charges - sanitation revenue		11 171	12 886	12 657	14 106	14 106	14 106	14 106	13 577	15 308	17 502
Service charges - refuse removal		34 742	38 306	41 861	48 052	48 052	48 052	48 052	52 700	59 925	69 129
Service charges - other		-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		1 932	1 596	1 412	2 705	19 205	19 205	19 205	23 064	28 504	35 454
Capital expenditure excluding capital grant funding		53 593	119 268	268 817	387 038	334 740	334 740	334 740	202 108	246 085	297 545
Cash receipts from ratepayers	18(1)a	619 803	1 138 964	155 135	1 120 478	990 294	990 294	990 294	1 077 050	1 278 630	1 528 623
Ratepayer & Other revenue	18(1)a	466 860	511 534	648 102	869 393	839 413	839 413	839 413	989 615	1 202 742	1 468 017
Change in consumer debtors (current and non-current)		45 841	(25 348)	170 051	(167 318)	(61 683)	(61 683)	(61 683)	90 860	6 416	6 801
Operating and Capital Grant Revenue	18(1)a	489 633	771 364	925 783	712 820	632 465	632 465	632 465	585 478	539 251	573 201
Capital expenditure - total	20(1)(vi)	381 275	710 483	853 380	707 284	656 282	656 282	656 282	422 181	466 373	529 453
Capital expenditure - renewal	20(1)(vi)	-	-	-	259 107	228 105	107 754	220 998	232 954	301 106	-
Supporting benchmarks											
Growth guideline maximum		6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
CPIX guideline		4.3%	3.9%	4.6%	5.2%	5.2%	5.2%	5.2%	5.1%	4.3%	4.5%
DoRA operating grants total MFY									298 622	325 248	349 331
DoRA capital grants total MFY									224 565	214 003	223 870
Provincial operating grants											
Provincial capital grants											
District Municipality grants											
Total gazetted/advised national, provincial and district grants									523 187	539 251	573 201
Average annual collection rate (arrears inclusive)											
DoRA operating											
<i>EQUITABLE SHARE</i>									282 081	312 447	332 931
MUNICIPAL SYSTEM IMPROVEMENT GRANT									790	800	900
FINANCIAL MANAGEMENT GRANT									1 250	1 500	1 500
WATER SERVICE OPERATING GRANT									14 501	10 501	14 000
									298 622	325 248	349 331
DoRA capital											
<i>MUNICIPAL INFRASTRUCTURE GRANT</i>									155 031	188 503	198 870
NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT									6 500	-	-
PUBLIC TRANSPORT INFRASTRUCTURE AND SYSTEM									45 000	20 000	20 000
INEP & EDISM GRANTS									18 034	5 500	5 000
									224 565	214 003	223 870

Total Operating Revenue			676 813	763 410	1 083 233	1 188 352	1 202 608	1 202 608	1 202 608	1 320 431	1 562 018	1 853 394
Total Operating Expenditure			631 972	1 107 229	1 383 578	1 168 491	1 492 723	1 492 723	1 492 723	1 590 748	1 755 452	2 050 790
Operating Performance Surplus/(Deficit)			44 841	(343 819)	(300 345)	19 861	(290 115)	(290 115)	(290 115)	(270 316)	(193 433)	(197 395)
Cash and Cash Equivalents (30 June 2012)										103 757		
Revenue												
% Increase in Total Operating Revenue				12.8%	41.9%	9.7%	1.2%	0.0%	0.0%	9.8%	18.3%	18.7%
% Increase in Property Rates Revenue				9.4%	20.5%	10.7%	0.0%	0.0%	0.0%	15.5%	15.0%	14.9%
% Increase in Electricity Revenue				29.0%	44.7%	29.3%	0.0%	0.0%	0.0%	23.4%	27.6%	27.6%
% Increase in Property Rates & Services Charges				18.9%	30.2%	21.3%	0.0%	0.0%	0.0%	19.5%	22.6%	23.0%
Expenditure												
% Increase in Total Operating Expenditure				75.2%	25.0%	(15.5%)	27.7%	0.0%	0.0%	6.6%	10.4%	16.8%
% Increase in Employee Costs				26.1%	25.0%	11.0%	4.2%	0.0%	0.0%	10.1%	8.0%	8.0%
% Increase in Electricity Bulk Purchases				50.7%	23.4%	43.0%	(6.3%)	0.0%	0.0%	18.7%	25.0%	25.0%
Average Cost Per Budgeted Employee Position (Remuneration)					225441.7643	234671.5481				0		
Average Cost Per Councillor (Remuneration)					0	0				0		
R&M % of PPE			5.2%	1.6%	2.0%	1.7%	2.7%	2.7%		2.4%	2.4%	2.3%
Asset Renewal and R&M as a % of PPE			5.0%	2.0%	2.0%	5.0%	6.0%	4.0%		6.0%	6.0%	6.0%
Debt Impairment % of Total Billable Revenue			9.3%	22.5%	8.7%	7.0%	8.1%	8.1%	8.1%	7.8%	7.8%	7.8%
Capital Revenue												
Internally Funded & Other (R'000)			34 267	97 016	137 877	265 331	212 319	212 319	212 319	151 769	210 485	248 945
Borrowing (R'000)			19 326	22 252	130 940	121 708	122 421	122 421	122 421	50 339	35 600	48 600
Grant Funding and Other (R'000)			327 682	591 215	584 563	320 246	321 542	321 542	321 542	245 315	250 123	293 087
Internally Generated funds % of Non Grant Funding			63.9%	81.3%	51.3%	68.6%	63.4%	63.4%	63.4%	75.1%	85.5%	83.7%
Borrowing % of Non Grant Funding			36.1%	18.7%	48.7%	31.4%	36.6%	36.6%	36.6%	24.9%	14.5%	16.3%
Grant Funding % of Total Funding			85.9%	83.2%	68.5%	45.3%	49.0%	49.0%	49.0%	54.8%	50.4%	49.6%
Capital Expenditure												
Total Capital Programme (R'000)			381 275	710 483	853 380	707 284	656 282	656 282	656 282	447 423	496 208	590 632
Asset Renewal			-	-	-	259 107	228 105	107 754	220 998	220 998	232 954	301 106
Asset Renewal % of Total Capital Expenditure			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Cash												
Cash Receipts % of Rate Payer & Other			120.9%	217.7%	19.0%	109.6%	110.6%	110.6%	110.6%	99.7%	105.7%	103.6%
Cash Coverage Ratio			0	0	(0)	0	0	0	0	0	0	0
Borrowing												
Borrowing to Asset Ratio			4.2%	1.0%	0.7%	3.7%	2.4%	2.4%	2.4%	2.4%	2.6%	2.6%
Credit Rating (2009/10)										A2 za		
Capital Charges to Operating			3.2%	2.0%	1.5%	8.3%	6.0%	6.0%	6.0%	4.0%	3.7%	3.3%
Borrowing Receipts % of Capital Expenditure			0.0%	0.7%	0.1%	51.7%	50.8%	50.8%	50.8%	24.7%	28.4%	26.9%
Reserves												
Surplus/(Deficit)			(90 579)	(302 479)	(454 307)	96 024	3 495	3 495	3 495	143 373	227 763	331 583
Free Services												
Free Basic Services as a % of Equitable Share			0.9%	1.1%	14.0%	15.8%	0.0%	0.0%		15.6%	15.9%	16.7%
Free Services as a % of Operating Revenue (excl operational transfers)			3.9%	3.8%	17.6%	13.1%	13.8%	13.8%		12.3%	9.8%	7.8%
High Level Outcome of Funding Compliance												
Total Operating Revenue			676 813	763 410	1 083 233	1 188 352	1 202 608	1 202 608	1 202 608	1 320 431	1 562 018	1 853 394
Total Operating Expenditure			631 972	1 107 229	1 383 578	1 168 491	1 492 723	1 492 723	1 492 723	1 590 748	1 755 452	2 050 790
Surplus/(Deficit) Budgeted Operating Statement			44 841	(343 819)	(300 345)	19 861	(290 115)	(290 115)	(290 115)	(270 316)	(193 433)	(197 395)
Surplus/(Deficit) Considering Reserves and Cash Backing			(45 738)	(646 299)	(754 653)	115 886	(286 620)	(286 620)	(286 620)	(126 943)	34 330	134 188

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Valuation:	1									
Date of valuation:										
Financial year valuation used										
Municipal by-laws s6 in place? (Y/N)	2									
Municipal/assistant valuer appointed? (Y/N)										
Municipal partnership s38 used? (Y/N)										
No. of assistant valuers (FTE)	3									
No. of data collectors (FTE)	3									
No. of internal valuers (FTE)	3									
No. of external valuers (FTE)	3									
No. of additional valuers (FTE)	4									
Valuation appeal board established? (Y/N)										
Implementation time of new valuation roll (mths)										
No. of properties	5				61 518	61 518	61 518			
No. of sectional title values	5				4 305	4 305	4 305	4 422	4 422	4 422
No. of unreasonably difficult properties s7(2)					108	108	108	108	108	108
No. of supplementary valuations					2	2	2	2	2	1
No. of valuation roll amendments					-	-	-	-	-	-
No. of objections by rate payers					-	-	-	-	-	-
No. of appeals by rate payers					-	-	-	-	-	-
No. of successful objections	8				-	-	-	-	-	-
No. of successful objections > 10%	8				-	-	-	-	-	-
Supplementary valuation					2	2	2	2	2	1
Public service infrastructure value (Rm)	5				5	5	5	28	28	-
Municipality owned property value (Rm)					1 795	1 795	1 795	3 150	3 150	-
Valuation reductions:										
Valuation reductions-public infrastructure (Rm)					-	-	-	8	8	-
Valuation reductions-nature reserves/park (Rm)					-	-	-	-	-	-
Valuation reductions-mineral rights (Rm)					-	-	-	-	-	-
Valuation reductions-R15,000 threshold (Rm)					670	670	670	622	622	-
Valuation reductions-public worship (Rm)					293	293	293	293	293	-
Valuation reductions-other (Rm)					5 097	5 097	5 097	2 740	2 740	-
Total valuation reductions:		-	-	-	6 060	6 060	6 060	3 664	3 664	-
Total value used for rating (Rm)	5				34 869	34 869	34 869	33 726	33 726	-
Total land value (Rm)	5				-	-	-	-	-	-
Total value of improvements (Rm)	5				-	-	-	-	-	-
Total market value (Rm)	5				34 869	34 869	34 869	33 726	33 726	-
Rating:										
Residential rate used to determine rate for other categories? (Y/N)	5				Yes			Yes		
Differential rates used? (Y/N)					Yes			Yes		
Limit on annual rate increase (s20)? (Y/N)					no	No	No	No	No	
Special rating area used? (Y/N)					No			No		
Phasing-in properties s21 (number)					Jan-00	4739	4739	4739	4739	
Rates policy accompanying budget? (Y/N)					Yes			Yes		
Fixed amount minimum value (R'000)					80			80		
Non-residential prescribed ratio s19? (%)										
Rate revenue:										
Rate revenue budget (R '000)	6				285 896	285 896	285 896			
Rate revenue expected to collect (R'000)	6				203 864	203 864	203 864			
Expected cash collection rate (%)	7				92.0%	92.0%	92.0%	92.0%	92.0%	
Special rating areas (R'000)					-	-	-	-	-	-
Rebates, exemptions - indigent (R'000)					909	909	909			
Rebates, exemptions - pensioners (R'000)					1 152	1 152	1 152			
Rebates, exemptions - bona fide farm. (R'000)					183	183	183			
Rebates, exemptions - other (R'000)					70 429	70 429	70 429			
Phase-in reductions/discounts (R'000)					7 998	7 998	7 998			
Total rebates, exemptns, reductns, discs (R'000)		-	-	-	80 671	80 671	80 671	-	-	-

Description	Ref	Resi.	Indust.	Bus. & Comm.	Farm props.	State-owned	Muni props.	Public service infra.	Private owned towns	Formal & Informal Settle.	Comm. Land	State trust land	Section 8(2)(n) (note 1)	Protect. Areas	National Monum/ts	Public benefit organs.	Mining Props.
Budget Year 2011/12																	
Valuation:																	
No. of properties		42 973	-	2 075	3 760	64	9 334	211	-	207	108	-	-	1	-	143	-
No. of sectional title property values		3 994	-	428	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of unreasonably difficult properties s7(2)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of supplementary valuations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplementary valuation (Rm)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of valuation roll amendments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of objections by rate-payers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of appeals by rate-payers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of appeals by rate-payers finalised		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of successful objections	5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of successful objections > 10%	5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Estimated no. of properties not valued		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Years since last valuation (select)		2	2	2	2												
Frequency of valuation (select)		4	4	4	4												
Method of valuation used (select)		Market	Market	Other	Market	Other	Other	Other		Market	Other			Other		Dep.Replace	
Base of valuation (select)		Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.		Land only	Land & impr.			Land only		Land & impr.	
Phasing-in properties s21 (number)		0															
Combination of rating types used? (Y/N)		Yes		Yes	Yes	Yes	Yes	Yes		Yes	Yes			Yes		Yes	
Flat rate used? (Y/N)		No	No	No	No	No	No	No		No	No			No		No	
Is balance rated by uniform rate/variable rate?																	
Valuation reductions:																	
Valuation reductions-public infrastructure (Rm)		-	-	-	-	-	-	8	-	-	-	-	-	-	-	-	-
Valuation reductions-nature reserves/park (Rm)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Valuation reductions-mineral rights (Rm)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Valuation reductions-R15,000 threshold (Rm)		622	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Valuation reductions-public worship (Rm)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Valuation reductions-other (Rm)	2	2 740	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total valuation reductions:																	
Total value used for rating (Rm)	6	17 728		8 614	5 801	423	-	19		218	-	-			-	924	
Total land value (Rm)	6																
Total value of improvements (Rm)	6																
Total market value (Rm)	6																
Rating:																	
Average rate	3																
Rate revenue budget (R'000)																	
Rate revenue expected to collect (R'000)																	
Expected cash collection rate (%)	4	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%
Special rating areas (R'000)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rebates, exemptions - indigent (R'000)																	
Rebates, exemptions - pensioners (R'000)																	
Rebates, exemptions - bona fide farm. (R'000)																	
Rebates, exemptions - other (R'000)																	
Phase-in reductions/discounts (R'000)																	
Total rebates,exemptns,reductns,discs (R'000)																	

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12 % incr.	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Rand/cent											
Monthly Account for Household - 'Large' Household	1										
Rates and services charges:											
Property rates		232.69	251.46	383.89	395.44	395.44	395.44	5.0%	415.21	444.28	475.38
Electricity: Basic levy		50.00	66.33	87.00	80.00	80.00	80.00	23.4%	98.72	120.44	146.93
Electricity: Consumption		345.00	458.30	689.66	860.50	860.50	860.50	23.4%	1 061.86	1 295.47	1 580.47
Water: Basic levy		37.83	40.86	44.13	47.66	47.66	47.66	8.0%	51.47	56.62	62.85
Water: Consumption		175.68	189.84	204.26	221.28	221.28	221.28	8.0%	238.98	262.88	291.80
Sanitation		222.93	240.79	240.00	254.40	254.40	254.40	8.0%	274.75	302.23	335.47
Refuse removal		75.71	81.77	88.31	97.14	97.14	97.14	8.0%	104.91	116.45	130.43
Other											
sub-total		1 139.84	1 329.35	1 737.25	1 956.42	1 956.42	1 956.42	14.8%	2 245.91	2 598.36	3 023.32
VAT on Services											
Total large household bill:		1 139.84	1 329.35	1 737.25	1 956.42	1 956.42	1 956.42	14.8%	2 245.91	2 598.36	3 023.32
% increase/-decrease			16.6%	30.7%	12.6%	-	-	14.8%	15.7%	16.4%	
Monthly Account for Household - 'Small' Household	2										
Rates and services charges:											
Property rates		32.85	35.50	18.82	39.49	39.49	39.49	5.0%	41.46	44.37	47.47
Electricity: Basic levy		50.00	66.33	-	105.96	105.96	105.96	23.4%	130.75	159.52	194.62
Electricity: Consumption		171.81	228.23	370.86	364.61	364.61	364.61	23.4%	449.93	548.91	669.67
Water: Basic levy		37.33	40.86	-	47.66	47.66	47.66	8.0%	51.47	56.62	62.85
Water: Consumption		139.08	150.29	162.26	175.29	175.29	175.29	8.0%	189.31	208.24	231.15
Sanitation		188.63	203.74	152.00	235.40	235.40	235.40	8.0%	254.23	279.66	310.42
Refuse removal		75.71	81.77	28.31	98.04	98.04	98.04	8.0%	105.88	117.53	131.63
Other											
sub-total		695.41	806.72	732.25	1 066.45	1 066.45	1 066.45	14.7%	1 223.05	1 414.85	1 647.81
VAT on Services											
Total small household bill:		695.41	806.72	732.25	1 066.45	1 066.45	1 066.45	14.7%	1 223.05	1 414.85	1 647.81
% increase/-decrease			16.0%	(9.2%)	45.6%	-	-	14.7%	15.7%	16.5%	
Monthly Account for Household - 'Small' Household receiving free basic services	3										
Rates and services charges:											
Property rates		32.85	35.50	18.82	19.40	19.40	19.40	5.0%	20.37	21.80	23.32
Electricity: Basic levy		-	-	-	-	-	-				
Electricity: Consumption		26.40	34.01	44.68	36.62	36.62	36.62	23.4%	45.19	55.13	67.26
Water: Basic levy		-	-	-	-	-	-				
Water: Consumption		-	-	-	-	-	-				
Sanitation		75.71	81.77	88.31	97.14	97.14	97.14	8.0%	104.91	116.45	130.43
Refuse removal											
Other											
sub-total		134.96	151.28	151.81	153.16	153.16	153.16	11.3%	170.47	193.38	221.01
VAT on Services		14.30	16.21								
Total small household bill:		149.26	167.49	151.81	153.16	153.16	153.16	11.3%	170.47	193.38	221.01
% increase/-decrease			12.2%	(9.4%)	0.9%	-	-	11.3%	13.4%	14.3%	

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand										
EXPENDITURE:										
Operating expenditure of Transfers and Grants										
National Government:										
Local Government Equitable Share										
Finance Management										
Municipal Systems Improvement										
Water Services Operating Subsidy										
2010 World Cup Host City , Expanded PWP Incentive										
Provincial Government:										
Health subsidy										
Housing										
Sport and Recreation										
DWAF: National Water week										
Other Provincial : Library ICT Operating Grant										
Other Provincial :Finance Management Grant										
Other Provincial : Municipal Support Programme Grant										
Other Provincial : Revenue Enhancement Grant										
Other Provincial Department of Housing : Low cost Seta										
District Municipality:										
Library, Archives and Museum										
Devolution of Property Rates and Taxes										
Other grant providers:										
Library, Archives and Museum										
PTIS (Public Transport Plan 2010)										
Municipal Infrastructure Grant (Operating projects)										
2010 Host City Operating Grant										
Office of the Premier : Chile base camp										
Electrification Programme Grant										
Space Norwegian										
Library, Archives and Museum										
Total operating expenditure of Transfers and Grants:										
Capital expenditure of Transfers and Grants										
National Government:										
Municipal Infrastructure (MIG)										
Public Transport										
Sport and Recreation										
Water Affairs										
Public Works										
Intergrated National Electrification & Elec Demand Side										
Provincial Government:										
Provincial Government:										
District Municipality:										
[insert description]										
Other grant providers:										
Intergrated National Electrification Programme										
Electricity Demand Side Management										
DWAF Grant										
DME										
2010 Stadium										
Department of Agriculture and Land Affairs										
Library ICT Capital Grant										
EPWP Grant										
S.A National Roads Agency										
Neighbourhood Development Partnership Grant										
Total capital expenditure of Transfers and Grants										
March 2011										
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS										

Summary of Personnel Numbers	Ref	2009/10			Current Year 2010/11			Budget Year 2011/12		
Number	1,2	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)		-	-	71	-	-	71	-	-	71
Board Members of municipal entities	4	-	-	-	-	-	-	-	-	-
Municipal employees	5	-	-	-	-	-	-	-	-	-
Municipal Manager and Senior Managers	3	5	-	5	5	-	5	-	-	5
Other Managers	7	55	55	-	55	55	55	-	76	-
Professionals		-	-	-	-	-	-	-	-	-
<i>Finance</i>		-	-	-	-	-	-	-	-	-
<i>Spatial/town planning</i>		-	-	-	-	-	-	-	-	-
<i>Information Technology</i>		-	-	-	-	-	-	-	-	-
<i>Roads</i>		-	-	-	-	-	-	-	-	-
<i>Electricity</i>		-	-	-	-	-	-	-	-	-
<i>Water</i>		-	-	-	-	-	-	-	-	-
<i>Sanitation</i>		-	-	-	-	-	-	-	-	-
<i>Refuse</i>		-	-	-	-	-	-	-	-	-
<i>Other</i>		160	-	-	160	-	-	-	190	-
Technicians		-	-	-	-	-	-	-	-	-
<i>Finance</i>		-	-	-	-	-	-	-	-	-
<i>Spatial/town planning</i>		-	-	-	-	-	-	-	-	-
<i>Information Technology</i>		-	-	-	-	-	-	-	-	-
<i>Roads</i>		-	-	-	-	-	-	-	-	-
<i>Electricity</i>		-	-	-	-	-	-	-	-	-
<i>Water</i>		-	-	-	-	-	-	-	-	-
<i>Sanitation</i>		-	-	-	-	-	-	-	-	-
<i>Refuse</i>		-	-	-	-	-	-	-	-	-
<i>Other</i>		-	-	-	-	-	-	-	-	-
Clerks (Clerical and administrative)		199	199	-	199	199	-	-	412	-
Service and sales workers		392	392	-	392	392	-	-	422	-
Skilled agricultural and fishery workers		121	121	-	121	121	-	-	130	-
Craft and related trades		75	75	-	75	75	-	-	90	-
Plant and Machine Operators		86	86	-	86	86	-	-	90	-
Elementary Occupations		341	341	-	341	341	-	-	432	-
TOTAL PERSONNEL NUMBERS		1 434	1 269	76	1 434	1 269	131	-	1 842	76
% increase					-	-	72.4%	(100.0%)	45.2%	(42.0%)
Total municipal employees headcount	6								-	
Finance personnel headcount	8		132			127			127	
Human Resources personnel headcount	8		56			53			53	

Description	Ref	Budget Year 2011/12												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand																
Revenue By Source																
Property rates		20 676	21 169	21 528	20 191	17 897	19 879	20 462	20 323	20 323	20 589	20 186	16 222	239 445	275 446	316 602
Property rates - penalties & collection charges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue		32 089	49 930	37 408	40 863	49 781	41 673	46 183	46 875	48 408	45 175	45 248	41 403	525 034	669 886	854 876
Service charges - water revenue		1 993	1 974	1 979	2 112	1 824	1 583	2 473	1 983	1 915	2 179	1 746	1 489	23 250	26 098	29 683
Service charges - sanitation revenue		1 190	1 079	1 161	1 146	1 112	807	1 425	1 099	1 021	1 243	1 010	1 284	13 577	15 308	17 502
Service charges - refuse revenue		4 350	4 378	4 385	4 273	4 508	4 412	4 419	4 473	4 428	4 452	4 250	4 373	52 700	59 925	69 129
Service charges - other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		1 141	4 467	1 544	1 689	1 582	1 439	1 544	1 499	1 347	1 360	3 001	2 453	23 064	28 504	35 454
Interest earned - external investments		389	266	266	217	177	273	169	100	1 518	18	698	211	4 301	4 301	4 301
Interest earned - outstanding debtors		1 744	1 604	1 802	1 838	1 960	1 437	1 382	1 487	1 410	1 374	1 266	1 034	18 339	20 173	22 190
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines		322	342	405	375	282	189	226	204	211	135	272	778	3 742	4 301	4 944
Licences and permits		274	376	334	382	451	451	348	333	336	285	382	1 345	5 299	6 093	7 007
Agency services		3 766	5 242	4 919	4 711	3 914	4 634	3 878	4 310	4 364	3 921	5 387	22 643	71 688	82 441	94 807
Transfers recognised - operational		74 656	-	-	74 656	-	-	74 656	-	-	74 656	-	-	298 622	325 248	349 331
Other revenue		1 893	1 764	2 826	1 271	1 827	657	1 878	1 604	1 431	1 357	13 602	1 704	31 818	34 741	38 014
Gains on disposal of PPE		2 389			2 389			2 389			2 389		0	9 555	9 555	9 555
Total Revenue (excluding capital transfers and contributions)		146 869	92 590	78 556	156 113	85 316	77 433	161 432	84 290	86 712	159 132	97 048	94 940	1 320 431	1 562 018	1 853 394
Expenditure By Type																
Employee related costs		42 717	47 834	21 362	23 402	22 211	23 844	23 614	23 008	25 308	53 904	26 952	51 816	385 974	417 023	450 573
Remuneration of councillors		1 442	1 409	1 414	1 407	2 131	1 687	1 545	1 413	1 575	1 583	1 442	1 624	18 673	20 166	21 780
Debt impairment		5 693	5 693	5 693	5 693	5 693	5 693	5 693	5 693	5 693	5 693	5 693	5 693	68 318	83 733	103 023
Depreciation & asset impairment		29 374	29 374	29 374	29 374	29 374	29 374	29 374	29 374	29 374	29 374	29 374	29 374	352 484	359 534	366 725
Finance charges		3 456	3 456	3 456	3 456	3 456	11 825	909	909	909	909	909	7 820	41 467	43 018	44 666
Bulk purchases		34 656	37 413	24 102	24 280	25 916	31 943	23 837	26 305	24 750	25 661	22 904	31 753	333 521	415 576	518 118
Other materials		400	1 599	1 352	2 468	2 023	3 267	2 041	1 914	1 912	1 798	2 888	12 653	34 315	35 002	35 702
Contracted services		1 051	1 541	2 073	1 362	1 849	1 873	1 606	2 377	2 936	4 083	20 490	131 065	172 306	191 625	314 439
Transfers and grants		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure		7 253	9 195	8 420	5 384	5 384	9 398	11 713	8 990	10 846	8 500	7 166	91 441	183 690	189 775	195 763
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		126 041	137 514	97 246	96 825	98 036	118 905	100 332	99 983	103 304	131 505	117 818	363 240	1 590 748	1 755 452	2 050 790
Surplus/(Deficit)																
		20 829	(44 924)	(18 690)	59 289	(12 720)	(41 472)	61 100	(15 693)	(16 592)	27 627	(20 769)	(268 301)	(270 316)	(193 433)	(197 395)
Transfers recognised - capital		27 680	35 608	37 771	33 776	24 552	21 479	10 839	20 140	23 045	20 089	10 926	20 953	286 856	214 003	223 870
Contributions recognised - capital													-	-	-	-
Contributed assets													-	-	-	-
Surplus/(Deficit) after capital transfers & contributions																
		48 509	(9 317)	19 080	93 065	11 831	(19 993)	71 939	4 448	6 453	47 716	(9 843)	(247 348)	16 540	20 570	26 475
Taxation													-	-	-	-
Attributable to minorities													-	-	-	-
Share of surplus/ (deficit) of associate													-	-	-	-
Surplus/(Deficit)	1	48 509	(9 317)	19 080	93 065	11 831	(19 993)	71 939	4 448	6 453	47 716	(9 843)	(247 348)	16 540	20 570	26 475

Description	Ref	Budget Year 2011/12												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand																
Revenue by Vote																
COUNCIL													-	-	-	-
COUNCIL SUPPORT		2	-	-	-	-	2	-	-	-	-	-	2	6	7	7
MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FINANCIAL SERVICES		49 666	52 630	48 036	46 332	41 950	44 574	40 303	43 708	57 049	44 811	35 335	55 083	559 475	628 525	692 979
STRATEGIC GOVERNANCE & CORPORATE SUPP		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CORPORATE SUPPORT & CO-OPERATIVE GOVER		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CORPORATE SERVICES		1	13	2	12	2	2	12	3	15	-	-	2	62	65	69
ECONOMIC DEVELOPMENT , TOURISM & TRADE		1	1	3	1	2	1	2	1	1	1	6	87	105	115	127
STRATEGIC SERVICE DELIVERY & UNITY SUPPOR		-	-	-	-	8 044	-	46	34	30	32	2 935	52	11 173	11 970	12 824
HUMAN & COMMUNITY DEVELOPMENT		11 056	12 550	12 175	11 819	10 626	11 589	10 720	12 004	11 447	10 286	12 667	39 212	166 150	191 632	222 454
MUNICIPAL PLANNING & DEVELOPMENT		32	63	153	32	80	42	78	36	54	34	310	4 364	5 278	5 766	6 302
INFRASTRUCTURE SERVICES													-	-	-	-
OPERATIONS & MAINTAINANCE		39 959	48 717	39 417	47 844	47 811	38 940	59 988	45 165	63 877	43 633	39 043	350 645	865 038	937 941	1 142 502
Example 14 - Vote14		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Example 15 - Vote15		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue by Vote		100 716	113 975	99 785	106 039	108 514	95 150	111 148	100 950	132 473	98 797	90 295	449 446	1 607 288	1 776 021	2 077 264
Expenditure by Vote to be appropriated																
COUNCIL		963	1 266	980	1 267	1 311	1 176	1 169	1 169	1 159	1 138	1 237	1 430	14 267	15 822	17 510
COUNCIL SUPPORT		669	880	681	881	911	818	813	813	806	791	860	994	9 917	10 662	11 466
MUNICIPAL MANAGER		154	138	182	156	152	184	159	185	117	174	290	344	2 236	2 334	2 439
FINANCIAL SERVICES		17 249	21 742	15 783	25 243	13 206	16 275	17 249	11 408	11 646	15 783	16 558	19 479	201 620	216 461	234 022
STRATEGIC GOVERNANCE & CORPORATE SUPP		796	970	798	902	728	782	729	1 092	563	798	757	860	9 775	2 148	2 446
CORPORATE SUPPORT & CO-OPERATIVE GOVER		1 281	1 392	1 145	2 589	914	992	1 046	1 568	808	858	657	1 067	14 318	15 650	16 968
CORPORATE SERVICES		4 034	4 112	4 205	4 509	4 255	4 543	4 843	5 759	3 969	4 152	4 411	3 795	52 586	59 294	73 367
ECONOMIC DEVELOPMENT , TOURISM & TRADE		550	780	551	894	1 015	533	1 271	516	671	1 173	494	458	8 908	18 892	19 651
STRATEGIC SERVICE DELIVERY & UNITY SUPPOR		305	366	358	300	236	356	314	365	326	336	560	494	4 315	4 877	5 159
HUMAN & COMMUNITY DEVELOPMENT		20 881	35 761	24 044	43 880	20 232	28 271	30 603	30 437	32 205	30 338	25 428	45 841	367 921	402 083	474 271
MUNICIPAL PLANNING & DEVELOPMENT		2 885	2 752	2 800	2 479	2 391	2 837	2 247	2 291	2 494	2 097	2 760	5 825	33 858	41 927	40 929
INFRASTRUCTURE SERVICES		2 784	2 713	2 761	2 444	2 358	2 798	2 216	2 259	2 459	2 068	2 722	5 794	33 375	28 196	27 657
OPERATIONS & MAINTAINANCE		62 111	68 075	69 264	61 326	69 161	70 188	65 600	66 674	61 691	61 889	68 286	113 387	837 651	937 104	1 124 907
Example 14 - Vote14		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Example 15 - Vote15		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote		114 663	140 946	123 550	146 871	116 870	129 753	128 259	124 537	118 916	121 595	125 020	199 768	1 590 748	1 755 452	2 050 790
Surplus/(Deficit) before assoc.		(13 946)	(26 971)	(23 765)	(40 832)	(8 356)	(34 604)	(17 112)	(23 586)	13 557	(22 798)	(34 725)	249 678	16 540	20 570	26 475
Taxation													-	-	-	-
Attributable to minorities													-	-	-	-
Share of surplus/ (deficit) of associate													-	-	-	-
Surplus/(Deficit)	1	(13 946)	(26 971)	(23 765)	(40 832)	(8 356)	(34 604)	(17 112)	(23 586)	13 557	(22 798)	(34 725)	249 678	16 540	20 570	26 475

Description	Ref	Budget Year 2011/12												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand																
Revenue - Standard																
Governance and administration		20 852	21 346	41 705	50 368	66 080	74 056	58 639	68 500	64 500	25 765	20 363	49 429	561 605	630 849	695 517
Executive and council		-	-	-	-	6	-	-	-	-	-	-	0	6	7	7
Budget and treasury office		20 676	21 169	41 528	50 191	65 897	73 879	58 462	68 323	64 323	25 589	20 186	49 252	559 475	628 525	692 979
Corporate services		177	177	177	177	177	177	177	177	177	177	177	177	2 123	2 318	2 531
Community and public safety		1 742	3 839	3 950	3 635	5 056	1 302	3 403	1 398	799	383	435	28 171	54 113	56 791	68 601
Community and social services		142	245	125	184	98	56	103	152	145	58	65	79	1 454	1 563	1 683
Sport and recreation		345	1 452	2 845	3 451	2 415	1 245	1 875	1 245	654	325	370	27 464	43 688	45 707	65 814
Public safety				85									(0)	85	93	103
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		1 254	2 142	895	-	2 543	-	1 425	-	-	-	-	628	8 886	9 427	1 002
Economic and environmental services		8 704	10 597	11 506	12 704	13 503	9 227	6 704	3 704	5 466	2 406	2 603	289 889	377 010	317 164	341 957
Planning and development		251	251	251	251	251	251	251	251	251	251	251	556	3 322	3 629	3 967
Road transport		8 452	10 345	11 254	12 452	13 251	8 975	6 452	3 452	5 215	2 154	2 351	289 333	373 688	313 535	337 990
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading services		39 621	57 360	44 932	48 394	57 225	48 474	54 501	54 430	55 772	53 049	52 253	48 549	614 561	771 217	971 190
Electricity		32 089	49 930	37 408	40 863	49 781	41 673	46 183	46 875	48 408	45 175	45 248	41 403	525 034	669 886	854 876
Water		1 993	1 974	1 979	2 112	1 824	1 583	2 473	1 983	1 915	2 179	1 746	1 489	23 250	26 098	29 683
Waste water management		1 190	1 079	1 161	1 146	1 112	807	1 425	1 099	1 021	1 243	1 010	1 284	13 577	15 308	17 502
Waste management		4 350	4 378	4 385	4 273	4 508	4 412	4 419	4 473	4 428	4 452	4 250	4 373	52 700	59 925	69 129
Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue - Standard		70 919	93 141	102 092	115 102	141 865	133 059	123 247	128 031	126 537	81 603	75 655	416 038	1 607 288	1 776 021	2 077 264
Expenditure - Standard																
Governance and administration		21 988	31 077	25 421	26 782	26 948	27 248	24 354	22 872	23 726	24 040	30 212	390 235	674 905	604 641	815 649
Executive and council		2 314	3 452	2 415	2 875	2 949	3 542	2 585	2 145	1 843	1 314	542	200 443	226 420	85 479	193 877
Budget and treasury office		15 422	18 143	14 251	16 254	15 245	17 254	18 245	15 245	17 521	17 254	18 245	181 198	364 278	447 602	519 440
Corporate services		4 252	9 482	8 754	7 652	8 754	6 452	3 525	5 482	4 363	5 472	11 425	8 593	84 207	71 561	102 332
Community and public safety		15 793	21 808	24 261	21 611	21 006	20 999	19 200	17 520	18 321	16 733	17 281	21 374	235 906	240 813	317 739
Community and social services		4 452	5 245	5 422	3 452	4 562	4 863	4 658	3 452	3 245	2 542	2 451	1 832	46 177	48 628	51 805
Sport and recreation		5 252	9 482	8 754	8 652	8 754	9 452	6 525	5 482	7 363	9 472	11 425	6 757	97 371	104 213	122 044
Public safety		4 452	5 524	7 894	7 652	6 524	5 425	6 452	7 625	6 522	3 452	2 145	12 099	75 768	70 333	123 024
Housing		311	311	311	311	311	311	311	311	311	311	311	311	3 737	3 952	4 182
Health		1 325	1 245	1 880	1 543	854	948	1 254	649	880	955	948	374	12 854	13 688	16 685
Economic and environmental services		8 795	9 130	10 139	8 446	10 052	9 387	7 860	7 049	8 250	9 205	8 516	225 669	322 499	456 839	361 651
Planning and development		3 125	2 542	2 879	2 765	3 521	2 356	2 452	2 752	2 562	2 314	2 845	52 018	82 134	38 158	39 680
Road transport		5 625	6 542	7 214	5 635	6 485	6 985	5 363	4 251	5 642	6 845	5 626	173 605	239 820	418 125	321 403
Environmental protection		45	45	45	45	45	45	45	45	45	45	45	45	545	556	567
Trading services		2 365	45 836	38 737	19 256	21 933	20 903	19 243	18 228	22 144	21 940	38 519	85 783	354 888	439 079	543 972
Electricity		-	43 410	36 414	16 830	19 708	18 368	16 808	15 763	20 011	19 708	36 414	83 536	326 969	408 696	510 854
Water		585	645	542	646	445	754	654	685	352	452	325	467	6 552	6 880	7 264
Waste water management		142	142	142	142	142	142	142	142	142	142	142	141	1 698	1 868	2 054
Waste management		1 639	1 639	1 639	1 639	1 639	1 639	1 639	1 639	1 639	1 639	1 639	1 639	19 669	21 636	23 799
Other													2 550	2 550	14 078	11 779
Total Expenditure - Standard		48 941	107 850	98 558	76 095	79 940	78 538	70 657	65 670	72 441	71 919	94 529	725 611	1 590 748	1 755 452	2 050 790
Surplus/(Deficit) before assoc.		21 978	(14 709)	3 534	39 007	61 925	54 521	52 589	62 361	54 097	9 684	(18 875)	(309 573)	16 540	20 570	26 475
Share of surplus/ (deficit) of associate													-	-	-	-
Surplus/(Deficit)	1	21 978	(14 709)	3 534	39 007	61 925	54 521	52 589	62 361	54 097	9 684	(18 875)	(309 573)	16 540	20 570	26 475

Description	Ref	Budget Year 2011/12												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand																
<u>Multi-year expenditure to be appropriated</u>	1															
COUNCIL		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
COUNCIL SUPPORT		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FINANCIAL SERVICES		-	-	-	104	-	780	-	3 120	564	-	-	632	5 200	8 200	9 500
STRATEGIC GOVERNANCE & CORPORATE SUPPORT													-	-	-	-
CORPORATE SUPPORT & CO-OPERATIVE GOVERNANCE													-	-	-	-
CORPORATE SERVICES		-	-	2 145	-	3 452	1 451	2 451	3 452	1 598	-	-	(0)	14 550	16 350	21 000
ECONOMIC DEVELOPMENT , TOURISM & TRADE													9 500	9 500	29 800	19 950
STRATEGIC SERVICE DELIVERY & UNITY SUPPORT													750	750	3 750	7 700
HUMAN & COMMUNITY DEVELOPMENT													34 150	34 150	47 350	58 350
MUNICIPAL PLANNING & DEVELOPMENT													221 347	221 347	255 477	247 912
INFRASTRUCTURE SERVICES													136 684	136 684	105 446	165 042
OPERATIONS & MAINTENANCE													-	-	-	-
Example 14 - Vote14													-	-	-	-
Example 15 - Vote15													-	-	-	-
Capital multi-year expenditure sub-total	2	-	-	2 145	104	3 452	2 231	2 451	6 572	2 162	-	-	403 063	422 181	466 373	529 453
<u>Single-year expenditure to be appropriated</u>																
COUNCIL													-	-	-	-
COUNCIL SUPPORT													-	-	-	-
MUNICIPAL MANAGER													-	-	-	-
FINANCIAL SERVICES				845									505	1 350	500	-
STRATEGIC GOVERNANCE & CORPORATE SUPPORT													-	-	-	-
CORPORATE SUPPORT & CO-OPERATIVE GOVERNANCE													-	-	-	-
CORPORATE SERVICES					1 254		895		524				807	3 480	375	-
ECONOMIC DEVELOPMENT , TOURISM & TRADE						549							601	1 150	-	-
STRATEGIC SERVICE DELIVERY & UNITY SUPPORT				1 254		1 254		542					1 399	4 450	4 550	5 559
HUMAN & COMMUNITY DEVELOPMENT									350				-	350	3 250	8 451
MUNICIPAL PLANNING & DEVELOPMENT													-	-	-	-
INFRASTRUCTURE SERVICES				2 514	1 525		978	2 452	1 255	2 354	1 254		2 130	14 462	21 160	47 170
OPERATIONS & MAINTENANCE													-	-	-	-
Example 14 - Vote14													-	-	-	-
Example 15 - Vote15													-	-	-	-
Capital single-year expenditure sub-total	2	-	-	4 614	2 779	1 803	1 873	2 994	2 129	2 354	1 254	-	5 442	25 242	29 835	61 179
Total Capital Expenditure	2	-	-	6 759	2 883	5 255	4 104	5 446	8 701	4 516	1 254	-	408 505	447 423	496 208	590 633

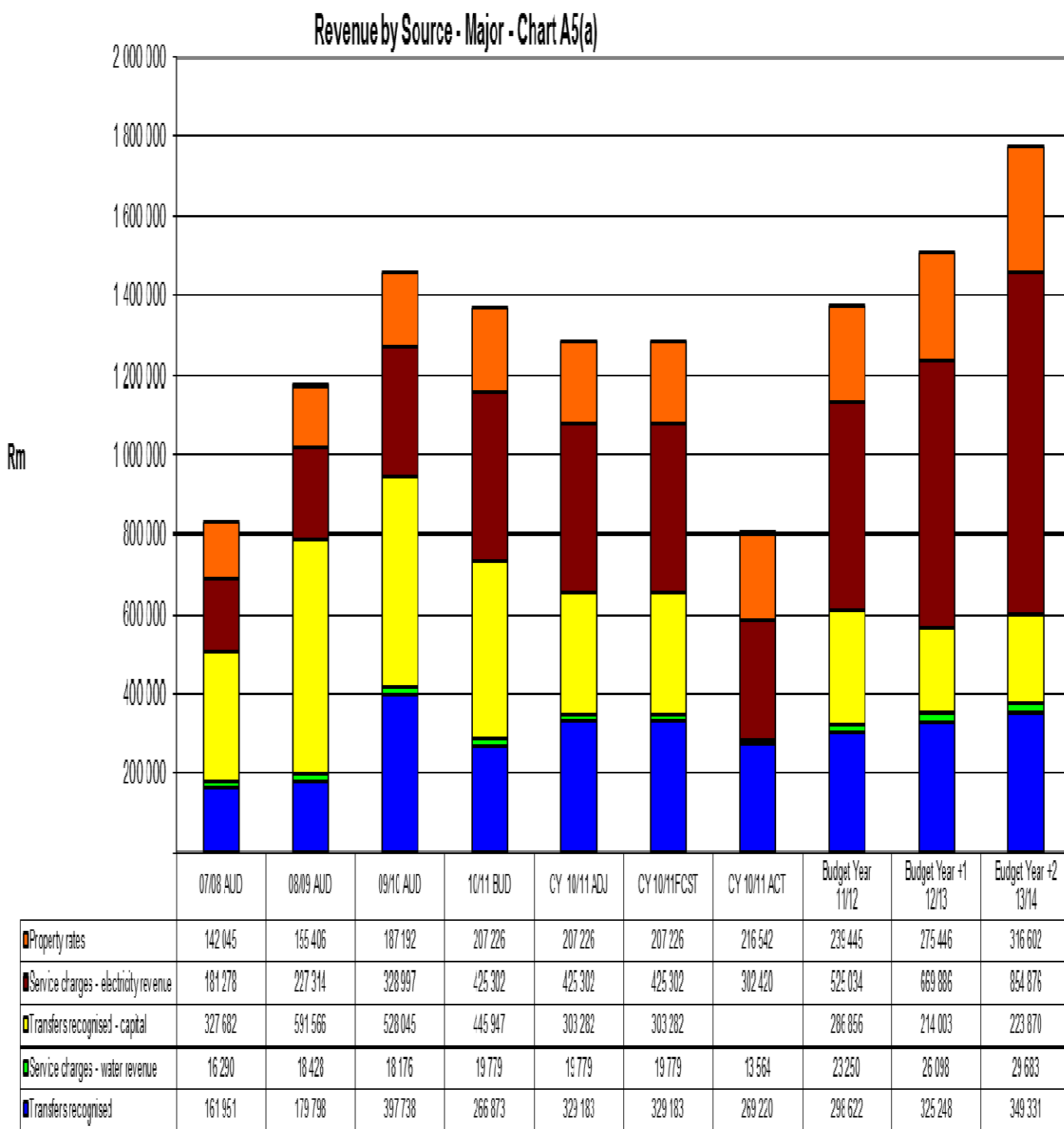
Description	Ref	Budget Year 2011/12												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Capital Expenditure - Standard	1															
<i>Governance and administration</i>		-	-	5 593	3 388	5 657	1 949	4 904	7 856	2 878	3 594	224	706	36 750	57 225	47 050
Executive and council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Budget and treasury office		-	-	2 450	1 245	2 875	524	1 452	3 542	1 453	1 452	-	706	15 700	34 050	21 600
Corporate services		-	-	3 143	2 143	2 782	1 425	3 452	4 314	1 425	2 142	224	0	21 050	23 175	25 450
<i>Community and public safety</i>		-	2 784	6 394	11 100	3 786	1 460	6 194	7 363	7 352	5 422	4 521	3 123	59 500	36 100	42 601
Community and social services		-	1 242	2 143	5 352	1 245	215	1 542	1 578	1 000	-	-	184	14 500	16 100	22 601
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety		-	1 542	4 251	5 748	2 541	1 245	4 652	5 785	6 352	5 422	4 521	2 940	45 000	20 000	20 000
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	1 245	5 574	7 999	10 016	1 900	11 905	11 904	12 383	16 599	13 452	16 196	109 173	147 915	219 461
Planning and development		-	-	2 149	2 547	3 564	645	3 453	2 452	2 541	1 254	-	895	19 500	17 000	12 700
Road transport		-	1 245	3 425	5 452	6 452	1 254	8 452	9 452	9 842	15 345	13 452	15 301	89 673	130 915	206 761
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	4 613	13 236	23 497	31 510	5 848	29 007	30 742	28 645	28 056	21 792	25 054	242 000	254 968	281 521
Electricity		-	1 301	4 315	6 845	8 975	2 451	12 451	14 251	8 425	6 524	3 254	4 376	73 169	70 200	78 500
Water		-	1 245	3 425	5 452	9 452	1 254	8 452	9 452	10 415	15 345	13 452	8 292	86 238	110 618	95 448
Waste water management		-	1 542	4 251	8 748	9 541	1 245	4 652	5 785	8 352	5 422	4 521	11 933	65 993	47 650	63 373
Waste management		-	524	1 245	2 451	3 542	897	3 451	1 254	1 452	765	564	453	16 600	26 500	44 200
<i>Other</i>		-											-	-	-	-
Total Capital Expenditure - Standard	2	-	8 641	30 797	45 984	50 970	11 157	52 010	57 865	51 258	53 672	39 989	45 080	447 423	496 208	590 632

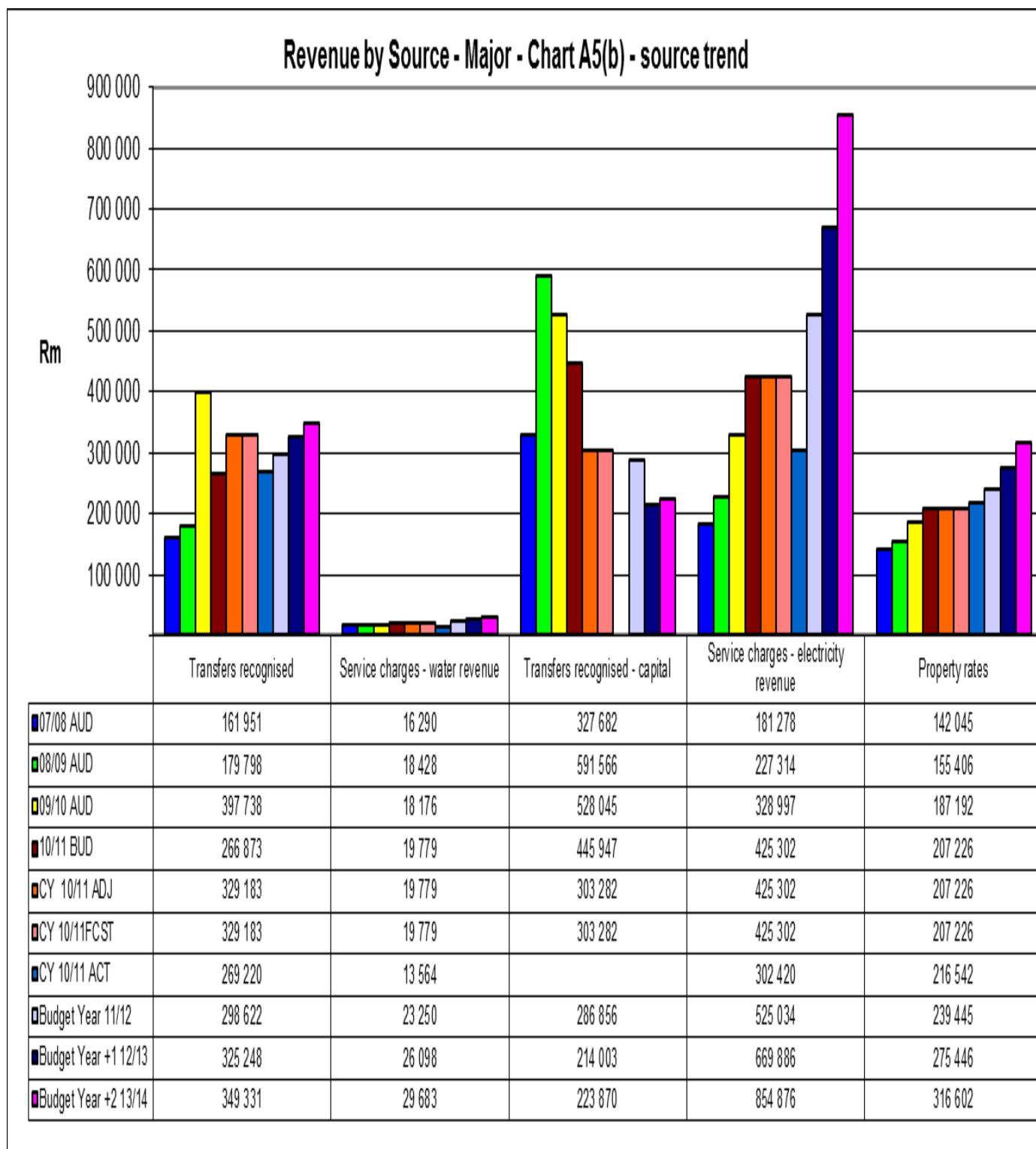
MONTHLY CASH FLOWS	Budget Year 2011/12												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Cash Receipts By Source													1		
Property rates	12 676	21 169	21 528	20 191	17 897	19 879	20 462	20 323	20 323	20 589	20 186	5 066	220 289	253 410	291 274
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	22 089	29 930	37 408	40 863	49 781	41 673	46 183	46 875	48 408	45 175	45 248	29 400	483 031	616 295	786 486
Service charges - water revenue	993	1 974	1 979	2 112	1 824	1 583	2 473	1 983	1 915	2 179	1 746	629	21 390	24 010	27 308
Service charges - sanitation revenue	190	1 079	1 161	1 146	1 112	807	1 425	1 099	1 021	1 243	1 010	1 198	12 491	14 083	16 101
Service charges - refuse revenue	350	4 378	4 385	4 273	4 508	4 412	4 419	4 473	4 428	4 452	4 250	4 130	48 456	55 131	63 599
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	1 141	4 467	1 544	1 689	1 582	1 439	1 544	1 499	1 347	1 360	3 001	2 453	23 064	28 504	35 454
Interest earned - external investments	189	166	166	117	177	273	169	100	518	18	198	193	2 283	2 283	2 283
Interest earned - outstanding debtors	1 744	1 604	1 802	1 838	1 960	1 437	1 382	1 487	1 410	1 374	1 266	3 052	20 357	22 191	24 208
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	322	342	405	375	282	189	226	204	211	135	272	778	3 742	4 301	4 944
Licences and permits	274	376	334	382	451	451	348	333	336	285	382	1 345	5 299	6 093	7 007
Agency services	3 766	5 242	4 919	4 711	3 914	4 634	3 878	4 310	4 364	3 921	5 387	22 643	71 688	82 441	94 807
Transfer receipts - operational	74 656	-	-	74 656	-	-	74 656	-	-	74 656	-	-	298 622	325 248	349 331
Other revenue	1 893	1 764	2 826	1 271	1 827	657	1 878	1 604	1 431	1 357	13 602	1 704	31 818	34 741	38 014
Cash Receipts by Source	120 281	72 490	78 456	153 625	85 316	77 433	159 043	84 290	85 712	156 743	96 548	72 592	1 242 529	1 468 730	1 740 816
Other Cash Flows by Source															
Transfer receipts - capital	-	-	-	-	-	-	-	-	-	-	-	234 065	234 065	236 003	253 870
Contributions recognised - capital & Contributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on disposal of PPE	2 389	-	-	2 389	-	-	2 389	-	-	2 389	-	0	9 555	9 555	9 555
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-	-	50 000	50 000	70 000	80 000
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-	-	133 200	133 200	135 864	138 581
Decrease (Increase) other non-current receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (Increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Receipts by Source	122 669	72 490	78 456	156 013	85 316	77 433	161 432	84 290	85 712	159 132	96 548	489 857	1 669 348	1 920 152	2 222 822
Cash Payments by Type															
Employee related costs	42 717	47 834	21 362	23 402	22 211	23 844	23 614	23 008	25 308	53 904	26 952	45 712	379 869	410 430	443 453
Remuneration of councillors	1 442	1 409	1 414	1 407	2 131	1 687	1 545	1 413	1 575	1 583	1 442	3 275	20 324	21 949	23 705
Collection costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest paid	3 456	3 456	3 456	3 456	3 456	11 825	909	909	909	909	909	7 820	41 467	43 018	44 666
Bulk purchases - Electricity	34 656	37 413	24 102	24 280	25 916	31 943	23 837	26 305	24 750	25 661	22 904	25 201	326 969	408 696	510 854
Bulk purchases - Water & Sewer	546	546	546	546	546	546	546	546	546	546	546	546	6 552	6 880	7 264
Other materials	400	1 599	1 352	2 468	2 023	3 267	2 041	1 914	1 912	1 798	2 888	12 653	34 315	35 002	35 702
Contracted services	1 051	1 541	2 073	1 362	1 849	1 873	1 606	2 377	2 936	4 083	20 490	37 140	78 380	82 535	87 074
Grants and subsidies paid - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Grants and subsidies paid - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General expenses	7 253	9 195	8 420	5 384	5 384	9 398	11 713	8 990	10 846	8 500	7 166	207 411	299 659	312 477	326 040
Cash Payments by Type	91 520	102 993	62 726	62 304	63 515	84 384	65 811	65 462	68 783	96 984	83 297	339 757	1 187 535	1 320 986	1 478 758
Other Cash Flows/Payments by Type															
Capital assets	-	35 608	37 771	33 776	24 552	21 479	10 839	20 140	23 045	20 089	10 926	31 041	269 265	247 503	267 870
Repayment of borrowing	1 800	1 800	1 800	1 800	1 800	1 800	1 800	1 800	1 800	1 800	1 800	1 800	21 600	22 140	22 694
Other Cash Flows/Payments	-	20 452	22 875	12 542	14 251	25 415	28 542	15 246	17 255	18 356	12 549	11 716	199 200	251 369	350 645
Total Cash Payments by Type	93 320	160 853	125 172	110 422	104 118	133 078	106 992	102 648	110 882	137 230	108 572	384 315	1 677 600	1 841 998	2 119 966
NET INCREASE/(DECREASE) IN CASH HELD	29 350	(88 363)	(46 716)	45 591	(18 802)	(55 645)	54 440	(18 358)	(25 170)	21 902	(12 023)	105 542	(8 252)	78 154	102 856
Cash/cash equivalents at the month/year begin:	94 419	123 768	35 405	(11 310)	34 281	15 479	(40 166)	14 274	(4 084)	(29 254)	(7 352)	(19 375)	94 419	86 167	164 321
Cash/cash equivalents at the month/year end:	123 768	35 405	(11 310)	34 281	15 479	(40 166)	14 274	(4 084)	(29 254)	(7 352)	(19 375)	86 167	86 167	164 321	267 177

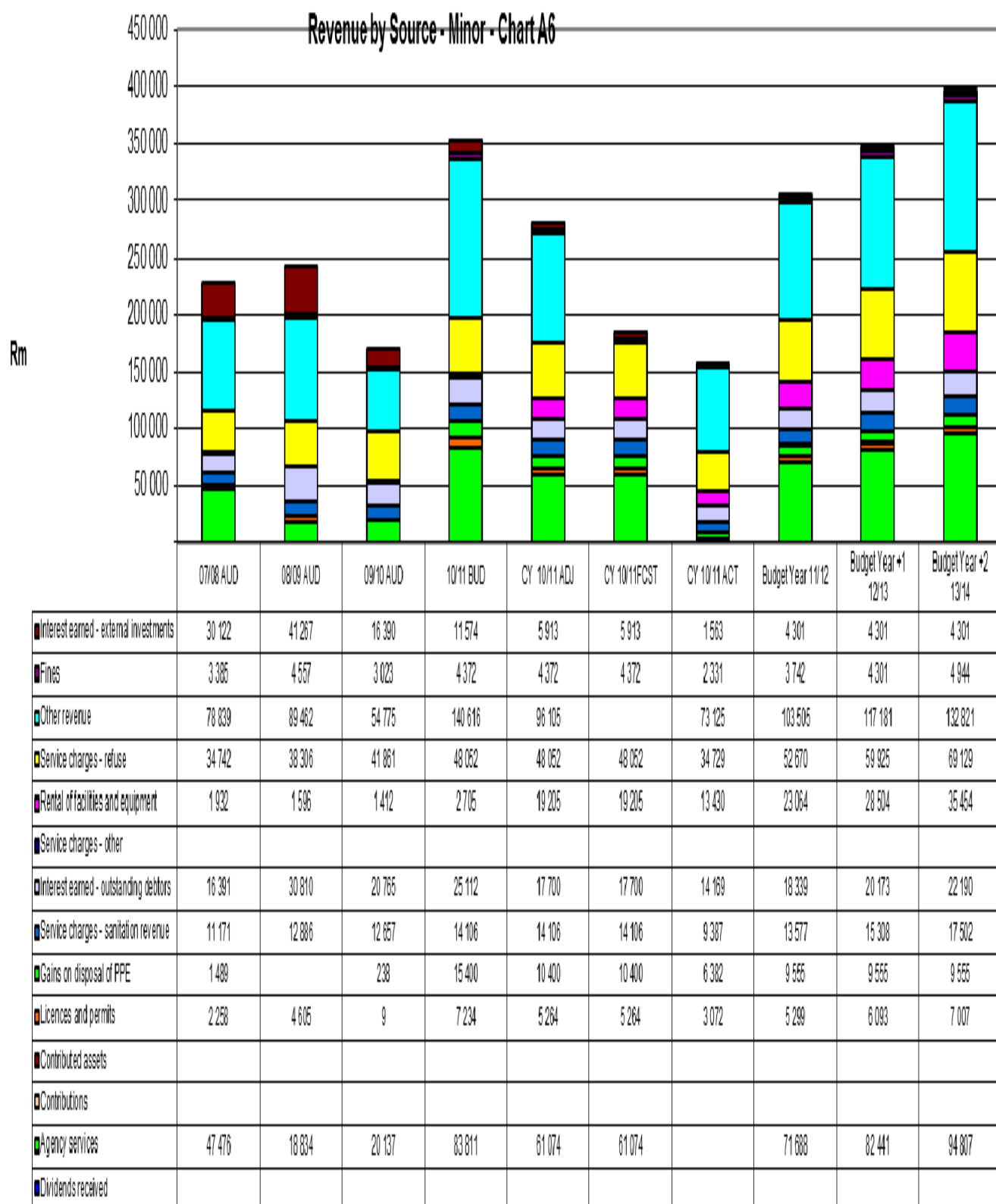
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Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand	1									
Capital expenditure on renewal of existing assets by Asset Class/Sub-class										
Infrastructure		-	-	-	251 952	220 949	100 599	178 998	178 429	234 720
Infrastructure - Road transport		-	-	-	91 979	168 740	48 390	48 390	56 049	78 500
<i>Roads, Pavements & Bridges</i>					91 379 410	168 140	48 390	48 390	56 049	78 500
<i>Storm water</i>					600 000	600				
Infrastructure - Electricity		-	-	-	57 821	36 173	36 173	34 300	45 900	54 100
<i>Generation</i>					-	3 840	3 840			
<i>Transmission & Reticulation</i>					57 821 400	22 833	22 833	34 300	45 900	54 100
<i>Street Lighting</i>					-	9 500	9 500			
Infrastructure - Water		-	-	-	87 995	4 440	4 440	48 231	52 574	54 675
<i>Dams & Reservoirs</i>					3 840 000	1 225	1 225			
<i>Water purification</i>					74 654 774					
<i>Reticulation</i>					9 500 000	3 215	3 215	48 231	52 574	54 675
Infrastructure - Sanitation		-	-	-	9 716	7 156	7 156	38 577	22 856	45 073
<i>Reticulation</i>								29 077	21 806	42 700
<i>Sewerage purification</i>					9 716 000	7 156	7 156	9 500	1 050	2 373
Infrastructure - Other		-	-	-	4 440	4 440	4 440	9 500	1 050	2 373
<i>Waste Management</i>					1 225 000	1 225 000	1 225 000			
<i>Transportation</i>	2									
<i>Gas</i>										
<i>Other</i>	3				3 215 000	3 215 000	3 215 000	9 500 000	1 050 000	2 372 500
Community		-	-	-	7 156	7 156	7 156	10 700	12 000	12 000
Parks & gardens								10 700	12 000	12 000
Sportsfields & stadia										
Swimming pools								3 400 000	3 000 000	2 000 000
Community halls										
Libraries										
Recreational facilities										
Fire, safety & emergency					7 155 500	7 155 500	7 155 500			
Security and policing	7									
Buses										
Clinics										
Museums & Art Galleries										
Cemeteries										
Social rental housing	8							500 000	450 000	300 000
Other										
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings										
Other	9									
Investment properties		-	-	-	-	-	-	-	-	-
Housing development										
Other										
Other assets		-	-	-	-	-	-	31 300	42 525	54 387
General vehicles										
Specialised vehicles										
Plant & equipment										
Computers - hardware/equipment										
Furniture and other office equipment										
Abattoirs										
Markets										
Civic Land and Buildings										
Other Buildings										
Other Land										
Surplus Assets - (Investment or Inventory)								31 300	42 525	54 387
Other										
Agricultural assets		-	-	-	-	-	-	-	-	-
<i>List sub-class</i>										
Biological assets		-	-	-	-	-	-	-	-	-
<i>List sub-class</i>										
Intangibles		-	-	-	-	-	-	-	-	-
Computers - software & programming										
Other (<i>list sub-class</i>)										
March 2011										
Total Capital Expenditure on renewal of existin	1	-	-	-	259 107	228 105	107 754	220 998	121 232 954	301 106

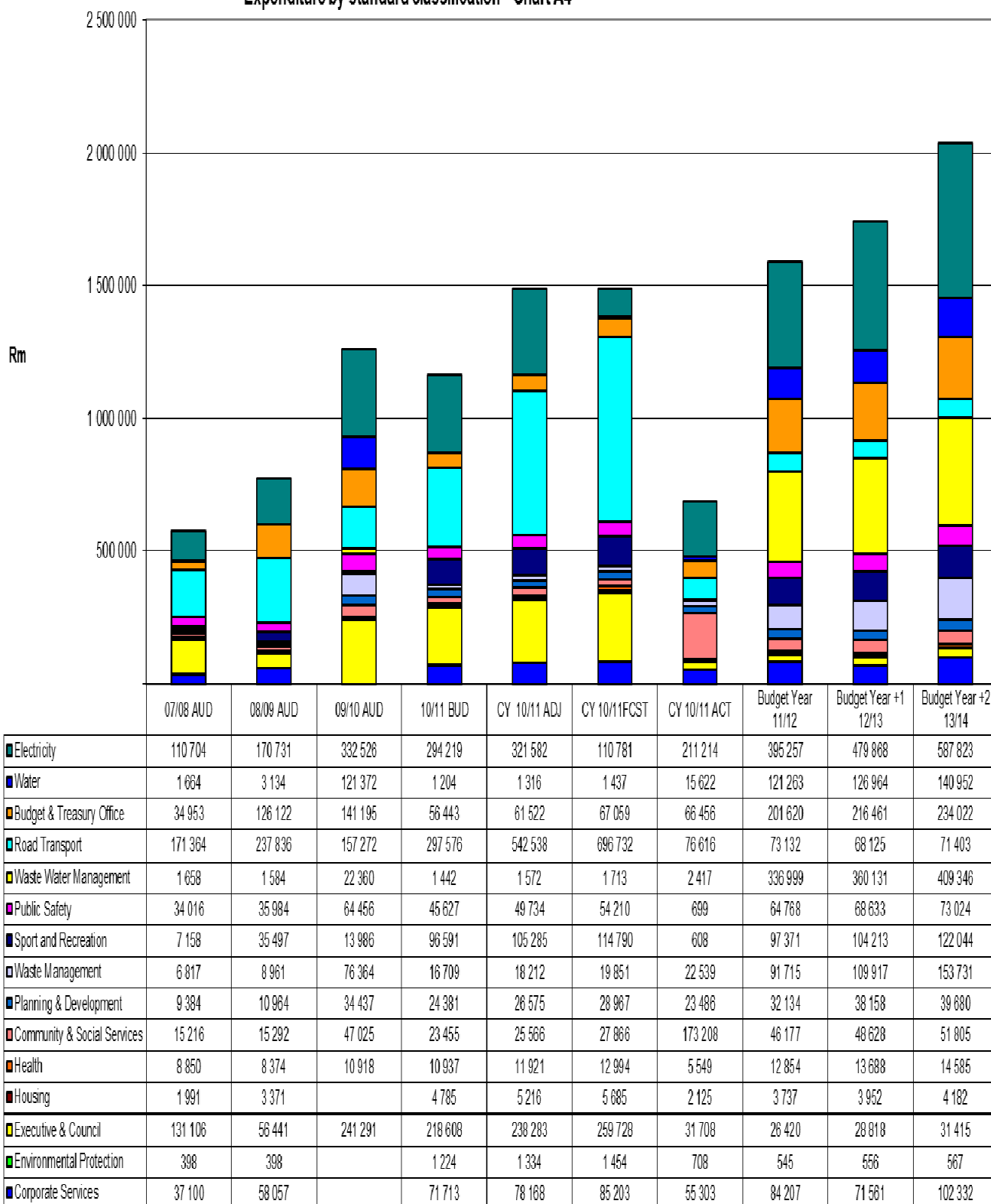
Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14	
R thousand	1										
Repairs and maintenance expenditure by Asset Class/Sub-class											
Infrastructure	8	62 562	87 309	116 845	107 806	156 676	156 676	141 020	147 895	154 730	
Infrastructure - Road transport		25 834	32 634	56 519	48 329	69 359	69 359	63 393	77 617	83 004	
Roads, Pavements & Bridges		15 381	17 212	28 755	27 672	33 107	33 107	29 241	41 192	45 351	
Storm water		10 452	15 422	27 764	20 657	36 251	36 251	34 153	36 425	37 652	
Infrastructure - Electricity		17 958	25 738	27 706	13 578	21 380	21 380	22 614	22 905	24 050	
Generation		9 506	14 630	16 254	9 572	13 254	13 254	15 362	16 452	16 425	
Transmission & Reticulation		-	-	-	-	-	-	-	-	-	
Street Lighting		8 452	11 109	11 452	4 006	8 125	8 125	7 252	6 452	7 625	
Infrastructure - Water		7 435	13 791	13 452	10 676	23 846	23 846	18 245	10 676	11 711	
Dams & Reservoirs		-	-	-	-	-	-	-	-	-	
Water purification		7 435	13 791	13 452	10 676	23 846	23 846	18 245	10 676	11 711	
Reticulation		-	-	-	-	-	-	-	-	-	
Infrastructure - Sanitation		7 001	10 162	10 767	7 400	9 529	9 529	9 927	10 459	10 841	
Reticulation		-	-	-	-	-	-	-	-	-	
Sewerage purification		7 001	10 162	10 767	7 400	9 529	9 529	9 927	10 459	10 841	
Infrastructure - Other		4 335	4 985	8 400	27 823	32 562	32 562	26 840	26 239	25 123	
Waste Management		4 335	4 985	8 400	27 823	32 562	32 562	26 840	26 239	25 123	
Community		8	856	1 525	1 845	2 541	2 652	2 652	3 525	4 126	5 241
Social rental housing											
Other			856	1 525	1 845	2 541	2 652	2 652	3 525	4 126	5 241
Heritage assets		9	-	-	-	-	-	-	-	-	-
Buildings											
Other											
Investment properties		9	-	-	-	-	-	-	-	-	-
Housing development											
Other											
Other assets	9	1 254	1 425	1 685	2 854	2 985	2 985	3 525	3 895	4 521	
Markets											
Civic Land and Buildings		1 254	1 425	1 685	2 854	2 985	2 985	3 525	3 895	4 521	
Other Buildings											
Other Land											
Surplus Assets - (Investment or Inventory)											
Other											
Agricultural assets	9	-	-	-	-	-	-	-	-	-	
List sub-class											
Biological assets	9	-	-	-	-	-	-	-	-	-	
List sub-class											
Intangibles	9	-	-	-	-	-	-	-	-	-	
Computers - software & programming											
Other (list sub-class)											
Total Repairs and Maintenance Expenditure	1	64 672	90 259	120 375	113 202	162 313	162 313	148 069	155 917	164 492	

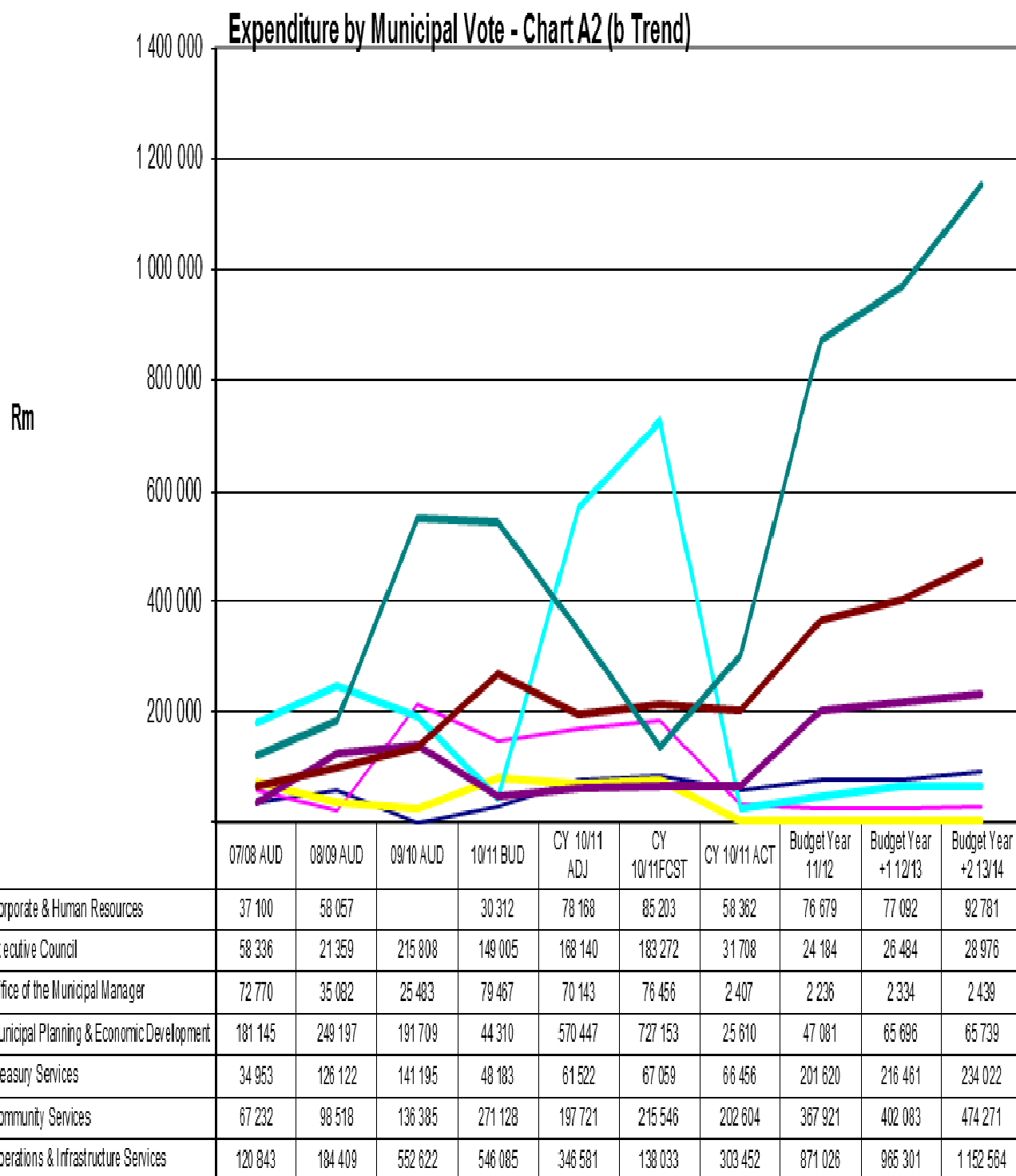
OTHER SUPPORTING DOCUMENTS (GRAPHS)





Expenditure by standard classification - Chart A4





1.14 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days).
2. Internship programme
The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department. Of the five interns one has been appointed from August 2010 and the remaining four are still part of the programme. Since the introduction of the Internship programme the Municipality has successfully trained 33 interns through this programme and a majority of them were appointed either in the Municipality or other Institutions such as KPMG, Vodacom, SARS, Auditor General, and Provincial Treasury.
3. Budget and Treasury Office
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee
An Audit Committee has been established and is fully functional.
5. Service Delivery and Implementation Plan
The detail SDBIP document is at a draft stage and will be finalised after approval of the 2011/12 MTREF in May 2011 directly aligned and informed by the 2011/12 MTREF.
6. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. MFMA Training
The MFMA training module in electronic format is presented at the City's internal centre and training is ongoing.
8. Policies
All the policies mentioned above are part of the document

Municipal manager's quality certificate

I, Acting Municipal Manager of Mbombela Local Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name _____

Municipal manager of Mbombela Local Municipality (MP322)

Signature _____

Date _____